



Daily Report

East Asia

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Japan

Kono on Likelihood of UNSC Permanent Seat

OW3008033794 Tokyo KYODO in English 0324 GMT
30 Aug 94

[Text] New York, Aug. 29 KYODO—Japanese Foreign Minister Yohei Kono predicted in New York on Monday [29 August] it will take a while for Japan to acquire permanent member status of the United Nations Security Council (UNSC).

Kono, who is visiting the United States on part of a four-nation tour, made the prediction when he met reporters in New York. He, also deputy prime minister, said the UN has not fully discussed the issue of reforming the UNSC, and neither has Japan had enough domestic discussions on whether or not it should be a permanent member.

The UNSC's permanent members comprise Britain, China, France, the U.S. and Russia, victors of World War II. He said although the administration of Prime Minister Tomiichi Murayama continues the diplomatic policies of former Prime Minister Tsutomu Hata, which expressed willingness in the issue, the present government will take a more cautious attitude.

"The ruling parties have agreed to be cautious in making steps on the issue. It is necessary to be more careful and exact than before," Kono said.

Murayama has been encouraged by some leaders of Southeast Asian countries to become a permanent UNSC member, and Kono commented, "I heard there were some positive opinions and also some negative ones. We will listen carefully." He also said Japan cannot make military contributions even if it becomes a permanent member, but the country will continue participating in the UN peacekeeping operations in nonmilitary fields.

A UN working group is now preparing a final report on restructuring the world body and strengthening the Security Council.

Germany has also expressed its desire to join the UNSC's permanent member states. Kono will later visit Brazil, Argentina and Egypt.

In Tokyo, cabinet ministers agreed Tuesday to exchange views on the issue to coordinate cabinet opinion before Kono makes an address at the UN General Assembly in late September, the top government spokesman said.

Chief cabinet Secretary Kozo Igarashi told reporters Finance Minister Masayoshi Takemura and Transport Minister Shizuka Kamei expressed a cautious stance over Japan's bid for a permanent seat on the Security Council at Tuesday's cabinet meeting.

Murayama displayed a cautious stance on the matter at a press conference in Singapore on Monday.

"We are not thinking in a backward-looking manner," Murayama said. "We should deal with this matter by trying to win support from our neighbor countries and the understanding of our people."

"We want to consider what role we can play and what contributions we can make within the bounds of our Constitution," he said.

Kono's Speech to ICPD in Cairo Previewed

OW2708082894 Tokyo MAINICHI SHIMBUN in
Japanese 25 Aug 94 Morning Edition p 3

[Text] Yohei Kono, deputy prime minister and foreign minister, will represent Japan at the "International Conference on Population and Development" (ICPD) to be held in Cairo beginning 5 September under the auspices of the United Nations. The outline of his speech to the conference was firmed up on 24 August. It points out the "importance of reviewing the consumption pattern of industrialized nations for a sustained balance between population and limited resources, and consumption and production." It also stresses the relationship between population and the preservation of global environment.

While identifying the population as an issue responsible for overall economic and social problems, including regional conflicts, in the post-Cold War international community, the speech indicates that Japan is resolved to take initiatives for resolving global problems and vigorously grapple with them by providing aid to developing countries.

The speech touches on the issue of population growth and environment. After pointing to a global agreement on a "close relationship" which was reached at the UN Environment Development Conference (the Earth Summit) in Brazil in June 1993, the speech stresses that "while developing countries need to keep the growth of their population in check, industrialized nations need to review the pattern of their consumption and seek to develop environmental technology." The speech points to these things while keeping in mind the possibility that the developing countries may react against the present situation in which industrialized nations with about 20 percent of the global population consume almost 80 percent of the global resources.

The speech describes "nongovernmental organizations (NGO) as being in a complementary relationship with governments" and indicates that Japan will attach importance to the NGO.

Further on Murayama's 8-Day Asian Trip

Returns From Southeast Asia

OW3008092394 Tokyo KYODO in English 0856 GMT
30 Aug 94

[Text] Tokyo, Aug. 30 KYODO—Prime Minister Tomiichi Murayama returned to Japan on Tuesday [30 Aug] from his official eight-day tour of four Southeast Asian countries.

Murayama visited the Philippines, Vietnam, Malaysia and Singapore. He conferred with leaders of the four countries, including Philippine President Fidel Ramos, Vietnamese Prime Minister Vo Van Kiet, Malaysian Prime Minister Mahathir Mohamed and Singaporean Prime Minister Goh Chok Tong.

The Asian tour is Murayama's third overseas trip since he became premier in June following July visits to Naples to attend the annual Group of Seven summit and Seoul for talks with South Korean President Kim Yong-sam.

Murayama-Ramos Summit Reviewed

OW2708061694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Aug 94 Morning Edition p 2

[Article by correspondent Koichi Sugino]

[Text] Manila, 24 Aug— Prime Minister Murayama's statement on Japan's responsibility for the past war during a summit meeting with Philippine President Ramos did not go beyond the government's traditional view on the war. The prime minister has enthusiastically stuck to stating "Japan's soul-searching" over the past war in a more forthright expression than ever during his tour of Southeast Asian nations which will become an occasion for him to pronounce his government's new Asia policy. Nonetheless, his enthusiasm for a more candid expression of "Japan's soul-searching" seems to have waned in the face of "national interests" of Japan which aims to strengthen its political role in the Asian and Pacific region, and intentions of Southeast Asian nations which hope for continued aid from Japan.

The prime minister exchanged views with Japanese officials about ways to deal with his statement on the past war at a hotel where he stayed until 10 minutes before the summit meeting with the Philippine president. The prime minister has vowed to aggressively grapple with the issue of the postwar settlement. The Foreign Ministry almost completed the work of drawing up future-oriented plans for a history research project designed to "face history straight-on" and a youth exchange project when he took office.

Former Prime Minister Miyazawa announced the "Miyazawa Doctrine" when he toured members of the ASEAN last January. Japan has made major moves to strengthen its political role in the Asian and Pacific region since the doctrine was announced. A growing mood for dialogue on political and security affairs in the ASEAN's regional forum has enhanced importance of the doctrine.

Southeast Asian nations invariably hope for Japan's aid and during his stay in the Philippines, the prime minister confirmed a "continuity of Japan's policy of attaching importance to Asia." During the 24 August summit meeting, President Ramos spoke highly of the prime minister's statement on Japan's soul-searching over its responsibility for the past war, saying, "With the prime

minister's statement, I believe that our bitter memories of World War 11 are now appeased." Philippine newspapers, in their 24 August editions, said in headlines that the two countries should leave the past behind and move toward building a constructive relationship between them in the future.

Satellite Facing Trouble in Orbital Positioning

OW3008024894 Tokyo KYODO in English 0228 GMT 30 Aug 94

[Text] Tsukuba, Japan, Aug. 30 KYODO—Trouble developed again Tuesday [30 August] in placing Japan's sixth test satellite Kiku into geostationary orbit as the satellite's engine had to be turned off directly after its first firing due to insufficient thrust.

Engineers at the Tsukuba Space Center of the National Space Development Agency (NASDA) in Tsukuba, Ibaraki Prefecture, which monitors the satellite's course, said they are trying to determine why the engine's main propulsion failed.

The satellite, currently circling the earth in an elliptical transfer orbit at an altitude of some 250 kilometers, was scheduled to reach its target orbit later this week following several firings of its engine to alter its course.

The first firing was originally scheduled to take place Monday morning, but was postponed to Tuesday morning due to an erroneous command signal.

The two-ton Kiku (Chrysanthemum) was successfully delivered into its current orbit Sunday by a H-2 rocket launched from NASDA's space center on the southern Japanese island of Tanegashima.

It was Japan's first solo launching of a two-ton-class geostationary satellite.

Trying To Repair Fuel Valve

OW3008052994 Tokyo KYODO in English 0512 GMT 30 Aug 94

[Text] Tsukuba, Japan, Aug. 30 KYODO—Space engineers voiced concerns Tuesday [30 August] that they may not be able to place Japan's sixth test satellite, Kiku, into geostationary orbit after the [passage indistinct] National Space Development Agency (NASDA) in Tsukuba, Ibaraki Prefecture, which is monitoring the satellite's course, said they halted fuel injection eight minutes after the firing at 6:13 a.m. due to insufficient thrust.

NASDA officials said a valve controlling fuel injection apparently did not fully open, hampering combustion, which reached just 10 percent of the projected amount. They are still trying to determine why the propulsion system failed.

Kiku (Chrysanthemum), currently circling the earth in an elliptical transfer orbit at an altitude of some 250

kilometers, was scheduled to reach its target orbit later this week following three firings of its engine to alter its course.

The engine's initial thrust has slightly changed Kiku's course but has not caused any damage to the satellite, and NASDA may try again to put Kiku into orbit Wednesday, the officials said. But the agency is not optimistic about the operation.

"If propulsion remains at this level, it will not be possible to place the satellite into geostationary orbit," an official said. Engineers are therefore concentrating on repairing the faulty valve.

Kiku is the first Japanese test satellite equipped with a double-liquid hydrazine propulsion system combining a main engine and four thrusters.

In Japan's first solo launching of a 2-ton-class geostationary satellite, the Kiku was successfully delivered into its current orbit Sunday by an H-2 rocket launched from NASDA's space center on the southern Japanese island of Tanegashima.

Tokyo Welcomes Israel-PLO Pact on West Bank

*OW3008082394 Tokyo KYODO in English 0730 GMT
30 Aug 94*

[Text] Tokyo, Aug. 30 KYODO—Japan welcomed Tuesday [30 Aug] an agreement between Israel and the Palestine Liberation Organization (PLO) that gives Palestinians of the West Bank control over five spheres of civilian government run by Israel for 27 years.

The signing of the accord Monday is a further manifestation of last September's historic agreement between Israel and the PLO on Palestinian self-rule, Foreign Ministry Spokesman Terusuke Terada said in a statement.

Japan hopes the latest accord will be implemented as soon as possible and an election of the Palestinian Council will be held in the near future, Terada said.

Under the agreement, Israel will transfer control over education, health, taxation, tourism and social welfare. Israel captured the West Bank and Gaza during the six-day war in 1967.

Japan will continue to support the peace process in the Middle East by participating in multilateral conferences, extending aid to Palestinians and supporting neighboring countries, the statement said.

Japan has already pledged to provide 25.75 million dollars to help finance Palestinians' administrative expenses.

Russia Negative on Joint Oil Project Guarantee

*OW2608155594 Tokyo KYODO in English 1451 GMT
26 Aug 94*

[Text] Moscow, Aug. 26 KYODO—Deputy Prime Minister and Economic Minister Aleksandr Shokhin said

Friday [26 August] it is very difficult for the Russian Government to give loan guarantees for Russo-Japanese joint projects such as an oil refinery modernization project involving Japan's Mitsui and Co.

The remarks contrasted with positive remarks by Russian First Vice Premier Oleg Soskovets on loan guarantees for such joint projects.

Speaking at a press conference, Shokhin criticized Japan and Germany for demanding Russian Government loan repayment guarantees before extending official loans. He cited a decision by the U.S. Export-Import Bank to provide loans without a Russian Government loan repayment guarantee.

Group Reports on Impact of Economic Integration

Elucidation by Group Chief

*942A0459A Tokyo KINYU ZAISEI JIJO in Japanese
27 Jun 94 pp 32-35*

[Interview with Tomomitsu Oba, chairman of the Japan Center for International Finance, by Norikazu Ozaki; place and date not given; Oba served as chief of the expert group which, as a subentity of the Council on Foreign Exchange and Related Matters, prepared the report in question; first paragraph is KINYU ZAISEI JIJO introduction]

[Text] With the rising yen in the background, Japanese manufacturing industries are becoming increasingly active in shifting their production bases out of Japan proper to various countries of Asia. Meanwhile, the local financial economies of these Asian countries are expanding smoothly thanks to the progress achieved in improving the infrastructure of their markets. Calling these trends as signs of "an integration of domestic and foreign economies," a report issued on 8 June by an expert group subordinated to the Council on Foreign Exchange and Related Matters delves into the essence of the trends and analyzes what they may portend for Japan's economy. What follows is the meaning of this report as elucidated by Tomomitsu Oba, chairman of the Japan Center for International Finance, who served as chief of the expert group that prepared the report.

Hope for New Investments

[Ozaki] I note that your latest report places emphasis on Asia.

[Oba] Right now Asia has an extremely high rate of economic growth. Japanese companies, led by manufacturing businesses, are drastically increasing their direct investments in the countries of Asia; meanwhile, local financial capital markets in Asian countries are expanding rapidly. As a result, the networking linking such Asian countries to Japan is deepening. Our latest report is an attempt to examine Japan's relationship with this Asia seen as the growth center of the world.

In point of fact, the two elements that are expanding in Asia—direct investment by manufacturing industries and the financial capital markets—are having a considerable effect on Japan's economy. In the former's case, the effect is the "hollowing" of the manufacturing industries concerned; in the latter's case, its effect may not be one of "hollowing" as yet, but can nevertheless be seen in the trend of company head offices moving from Tokyo to Hong Kong, for example. In short, competition is developing. This too warrants looking into. It was for these reasons that we focused our report on Asia.

[Ozaki] When you say "the integration of domestic and foreign economies," exactly what kind of concept are you talking about?

[Oba] In the final analysis, you can take it to mean "globalization." The only thing is that the term "globalization" is being used in a different sort of way. To be specific, it is used in reference to the three special features of the financial market in the 1980's—namely, "globalization," "deregulation" (easing of regulatory controls), and "securitization" (*shokenka*). It was for the purpose of differentiation that we took it upon ourselves to opt for the expression "the integration of domestic and foreign economies."

[Ozaki] You say "integration" but, as long as the rising yen is what is behind the whole thing, the flow of money seems to be going one way.

[Oba] You are absolutely correct. For these past few years, our current-account balance has continued to be in the black, and these very surpluses have turned into a net outflow of capital from Japan. It goes without saying that more money is flowing out of Japan than the amount flowing in.

There is another thing I may point out in this connection: About two years ago, Japanese banks repaid short-term debts they owed to foreign sources. No sooner that was done than other Japanese companies began switching their foreign debts—funds they had raised abroad by such means as floating convertible debentures—into domestic loans within Japan. But further deterioration of business conditions made such domestic borrowings unnecessary; as a result, these companies concentrated more on paying back their foreign debts. So, what we have today is a situation where our current-account surpluses are being offset by such outflow of money for the purpose of repaying foreign debts.

But I do not believe this situation will last forever. My hope is that hereafter the money flowing out of Japan will be not for debt repayments, but for new investment and lending purposes.

Plant and Equipment Investments in Asia

[Ozaki] What is the status of the Japanese move toward Asia for direct investments?

[Oba] Since 1985 Japanese direct investments overseas have grown rapidly; in particular, such investments in Asia started to increase in inverse proportion to the declining investments in Europe and the United States, and they are growing steadily even at present.

In terms of general trends, Japanese direct investments within Asia can be broadly divided into three phases. The first phase (through 1989) was concentrated on the NIE's [newly industrializing economies]; the second phase (from 1988 on) was directed to the ASEAN countries; and the third phase (since 1992) has been aimed at the ASEAN countries and China.

[Ozaki] In the past Japanese manufacturers moved their production bases to Europe and the United States. Are you saying that they are now doing the same thing in Asia?

[Oba] There is a difference. In the case of Europe and the United States, the problem was government-imposed controls such as restrictions on Japanese imports, because of which Japanese manufacturers had to produce their products locally in order to sell them there.

But in Asia, the principal objective of Japanese direct investments is to lower production costs. Above all, the wage levels are so completely different between Japan and other Asian countries. On the average, the real wage cost in the NIE's was one-third of Japan's in 1990; in the ASEAN countries, it was 1/20th of Japan's. A factory in Kuala Lumpur, which I visited recently, was paying its workers at a rate 1/12th that in Japan. In Singapore, the comparative ratio ranged between one-fifth and one-seventh.

This is why we pointed out in the report as follows: "Even after they made initial inroads into Asian markets, Japanese investors have kept shifting their sights depending on changing local conditions such as rising wages. In the NIE's, they have gradually moved away from labor-intensive operations geared strictly to cheap labor and into technology-intensive operations in such high-tech fields as automotive, electronics, and information-processing industries. In the ASEAN countries, they are shifting their focus from labor-intensive operations designed for simple assembling/processing using the knockdown method to integrated production operations inclusive of parts as can be seen in factories mass-producing electric home appliances. More recently, the pattern among them is to direct their investments to China for the purpose of producing labor-intensive products such as the ones requiring sewing and needlework." In other words, Japanese investors are constantly on the move, chasing after lower production costs. Actually in China, too, they are already in the process of shifting the emphasis to "integrated production operations inclusive of parts," signaling the beginning there of the same trend already in progress in the ASEAN countries. The "investments in labor-intensive operations designed to produce goods requiring sewing/needlework, for instance" are already being shifted to the next arena, Vietnam.

Also, much of Japanese direct investment in Asian markets is of relatively recent origin—1989, 1990, and so on; consequently, the results include many new plants now in operation. These new plants have modern equipment, including numerous robots. Some of them that produce color television sets, for example, are more modernized than the old plants in Japan. When it comes to the production of small and medium-sized television sets, domestic plants are no match for those plants set up by Japanese investors in Asian countries.

Japanese manufacturers operating in various countries of Asia are expanding their plant and equipment investment and increasing their production. Conversely, and consequently, their investment within Japan is not increasing at all. Which is one of the problems stemming from the growing direct investment overseas.

[Ozaki] That's precisely a case of "hollowing."

[Oba] But it cannot be helped. I suppose Japan will have to open a new path for itself by redirecting its efforts to some new technology-intensive industries. Japan can also earn additional money through its service industries. At any rate, this is a problem that will in the long run evolve into a problem of employment. Employment is not a cyclical problem; it must be dealt with as a structural problem.

Diminishing Allure of the Tokyo Financial Market

[Ozaki] As a place for Asian companies to list their stocks, the Tokyo market has lost some of its charm.

[Oba] Asian companies are complaining that they find the Tokyo market more troublesome than others when it comes to new listings. As a result, they end up skipping Tokyo and listing themselves on the New York or Hong Kong market. This, in my view, can also be taken as a backhanded testament to the Tokyo Stock Exchange for doing its job so well (laughter).

On the question of "hollowing," there is another problem: It is a trend among foreign banks and securities firms to move their main offices from Tokyo to Hong Kong. We have discussed this in the report as well, but Tokyo means high operating costs. Also, Tokyo has more regulations than does either Hong Kong or Singapore. First of all, the operating costs will have to be brought down; yet, even if land prices and office rent came down, personnel costs cannot be cut so easily. There lies the limitation. Be that as it may, I should think the regulations ought to be eased as much as possible.

Another point which must not be overlooked is the question of how high or low the taxes are. Because there are some foreign securities firms and banks that do weigh all such factors including the tax angle. The tax issue does not stop at the tax on business transactions known as the securities trading tax; it extends to the corporate tax and to the income tax as well. I know a U.S. company that conducts 70-80 percent of its business in Japan, and yet its president stays in Hong Kong.

By doing so he can keep his income tax down to just 16.5 percent of his earnings. If he stayed in Japan and earned more than 20 million yen, he would have to pay 65 percent of his earnings as tax, including local levies. This is why the company's main office is based in Hong Kong, from where the president directs the operations. Thanks to the advanced communications systems, the company encounters no inconveniences. And of course the company has a Japanese national holding the position of managing director, who is doing a gallant job in Tokyo while paying 65 percent of his earnings as tax (laughter).

Here you have it—a picture of "globalization." This is what we mean by "integration of domestic and foreign economies." It means that investors are moving from place to place in search of fewer regulations and greater profits.

[Ozaki] Is Tokyo in for gradual abandonment?

[Oba] I would not go that far, but I will say that changes simply will have to be made if we want to keep Tokyo as an attractive market. If things remain as they stand now, it is a fact that some place else other than Tokyo will emerge as the financial base in Asia.

Right now, Hong Kong is becoming the first choice with which New York and London want to maintain closer communications links. "Reaching Tokyo via Hong Kong"—this is a real trend already afoot. We feel a sense of crisis—a sense that this situation warrants urgent attention, which we have incorporated in our recommendations included in the report.

[Ozaki] It is stated in the report that Japan's domestic financial market ought to be developed in a way mutually complementary with other markets of Asia. Specifically what kind of image are you talking about for the domestic market?

[Oba] Take long-term funds, for example: Raising this type of funds is a difficult proposition in other Asian markets with the exception of Singapore and Hong Kong. So we are asking: Isn't this at least one area where Tokyo can be a useful market?

Here is another question we are raising: Why can't Tokyo use financial derivatives to make its presence more appealing? Here, I should think greater variety and more diversification would be important. New York and London can provide any kind of derivatives to suit customers' needs. To be able to compete against them, Tokyo will have to strengthen its capability. In this regard, it goes without saying that an urgent prerequisite is to improve and strengthen the system for risk management.

Growing Dependence on the Dollar

[Ozaki] Some are saying that Asian countries are less than keen on internationalizing their own currencies.

[Oba] This past year has been a difficult one for all Asian countries because of the outflow and influx of funds.

Particularly so for Thailand, Malaysia, and Singapore. Because their GDP [gross domestic product] is not as high as Japan's, an influx of between \$2 billion and \$4 billion is an event of extraordinary proportions to these countries. As a result of such an influx of funds, during last year alone stock prices doubled in these countries, and their currencies strengthened. But now funds have begun flowing out of these countries. Which means their stock prices will fall and their currencies weaken. It is because they have experienced such erratic fluctuations that these countries are not enthusiastic about internationalizing their own currencies.

The inevitable result is that these countries are using the U.S. dollar as the means for settlements. Contrary to my personal impression that the dollar's role has diminished somewhat, as of now the dollar is still the most user-friendly currency in Asia.

[Ozaki] Are you saying that the yen's role in Asia is limited?

[Oba] Asian countries have the tendency to put the dollar at the center of their thinking. Inevitably they shun the yen whose exchange rate against the dollar fluctuates widely. In short, the fact that the yen's role in Asia is not as big as one might have thought it was is—if you turn it around—a proof of the dollar's dominant position. So much so that, for instance, when these Asian countries figure out the worth of their own currency, regardless of what method they use—be it the dollar-link method or the bucket method, they have a tendency to heighten the dollar's relative weight. The result so derived seems to give them the notion that the margins of fluctuations between their own currency and the dollar are narrow.

Some Southeast Asian countries are complaining that the yen's rise means hardship for them because it adds to their burdens of paying interest on or repaying the principal of the ODA [official development assistance] loans they received from Japan. On our part, we try to counter it by suggesting that they ought to hold some yen assets as a hedge, but we have been unable to convince them. From their national perspective inclusive of the views of their central banks, these countries too seem to be mindful of the need for balance between yen-denominated debts and yen-denominated assets, but their governments are saddled only with yen debts. This happens because, although central banks can have yen assets as part of their assets operations, governments cannot engage in assets operations and therefore inevitably end up with yen liabilities alone. This being the case, whenever the yen rises, it brings out their complaints without fail (strained laughter).

[Ozaki] Is it your sense that internationalization of the yen, which we have been hearing about for the last few years, is still a long way off?

[Oba] I wouldn't say it is a long way off; on the contrary, it is making some progress. As of September 1993, 52.5

percent of Japan's exports to and 25.7 percent of imports from Southeast Asia were being handled in yen. This is still by far no match for the role being played by the Deutsche mark in Europe; still, I think it is safe to say that international use of the yen is gradually increasing.

Revision of Statistics Planned

[Ozaki] This time you have also taken a fresh look at the way balance-of-payments statistics are being compiled.

[Oba] Statistics in the current form can no longer fully reflect the major changes occurring in domestic and foreign economies. So we saw a need to revise them, to bring them in line with what's happening in the real world. In this connection, advanced industrialized nations prepare their balance-of-payments statistics generally along the format suggested in the IMF's manual. This way, the statistics of one country are congruous to those of another, which makes comparison between them easier. We, too, have decided to revise our format so that it will be in line with what is suggested in the fifth edition of the IMF's manual.

As the way our statistics are structured at present, there is no way for anyone to get a statistical picture of our derivatives market despite the market's growth as evident today. Also, in the area related to direct investment overseas by our manufacturing industries, the item "reinvestment earnings" cannot be statistically ascertained.

Additionally, the number of errors and omissions has been growing. Also, at present the balance of capital account is divided into long-term and short-term capital balances; however, in the long-term capital balance category, if you look at stock acquisitions, sometimes the stocks purchased are sold on the same day. What I am saying is that, in the final analysis, the differentiation between long-term capital balance and short-term capital balance really makes not much sense.

[Ozaki] What are the specifics of the revision you have proposed?

[Oba] Our proposal divides the item "invisible trade balance" into "service balance" and "earnings balance"; the aim is to make it possible to keep track of the movements of funds which have not been covered thus far. In the "service balance" category, for example, we proposed to have such things as computer data service and the development, design, and provision of software covered under the "information" subcategory. In the category related to financial activity, we suggested that commissions earned by banks and securities firms be included. We also proposed that the revenue and expenditure related to a visit to Japan by a foreign soccer team, for example, be newly entered in the "cultural and entertainment" column. And so it goes on.

In the "earnings balance" category, we proposed that "employer's compensation" be newly added, and that

"investment earnings" be broken down to "direct investment earnings," "securities investment earnings," and "other investment earnings (interest on deposits, etc.)."

We also proposed that long-term capital balance, short-term capital balance, and balance of monetary movements be consolidated as "balance of investments" which in turn be broken down to "balance of direct investments," "balance of securities investments," and "balance of other investments." Under our proposal, "financial derivatives" will be included in "securities investments."

We made another proposal that future statistics so revised ought to be published strictly in yen terms, but we ran into an appeal by some who insisted that dollar-based figures were also needed to facilitate comparison with U.S. data. If that's the only problem, my feeling is that adding a clear notation of exchange rates would take care of it, but then there are some people who see problem in this because they are afraid it would lead to calculation errors; now you know why I am having a headache (laughter).

[Ozaki] Sometimes one gets a different reading of the up-or-down trends in Japan's current account surpluses depending on whether the surplus is figured in yen terms or in dollar terms.

[Oba] In yen terms, the current-account surplus for fiscal 1993 declined by nearly 2 trillion yen from the level of the previous year. But if you look at it in dollar terms, it still showed an increase. Taking note of the disparity of this nature, some people are apparently suspecting that our proposed revision may be designed to make Japan's surpluses look smaller, but they are wrong. In this day and age, no other advanced nations except Japan are publishing balance-of-payments figures in terms of any currency other than their own. All we are trying to do is to correct our situation to what it ought to be; we have no ulterior motives.

[Ozaki] What kind of timing do you have in mind for the actual implementation of the revision?

[Oba] I expect it will take some time because revision means extra burden on those who must comply with it in reporting the required data. The timing is a matter for the Ministry of Finance to decide, but in my capacity as the group chief I have requested that it be made effective on or about 1 January 1996.

Content Gisted, Critiqued

942A0459B Tokyo KINYU ZAISEI JIJO in Japanese
27 Jun 94 pp 36-40

[Article by Shinichi Goto, assistant to the chief of Research Division, International Finance Bureau, Ministry of Finance: "How Should Japan Respond to Asia's Economic Growth?"]

[Text] Field Surveys Conducted as Well

Beginning in November 1993 and working under the theme of "the integration of domestic and foreign economies, and its impact on international financial transactions," an expert group subordinated to the Council on Foreign Exchange and Related Matters has conducted eight rounds of deliberation in all, examining the degree of progress in the integration of our country's economic activities at home and abroad as seen in each of such economic entities as businesses, households, financial institutions, and public institutions, and the impact of such integration on various aspects of international financial transactions.

During the same period, faced with the heightened need to accurately grasp the actual state of international financial transactions in the midst of a trend toward integration of domestic and foreign economies, a "balance-of-payments statistics review subcommittee" (chaired by Professor Kazuo Ueda of Tokyo University's Economics Department) was set up under the same expert group to do exactly what its name called for, i.e., to take a much needed fresh look at our country's statistics on balance of payments. Using the fifth edition of the IMF manual on balance-of-payments statistics—the fifth edition, published in the fall of 1993, was the first revision of this manual in 16 years—as a model, the subcommittee studied the question by holding six discussion sessions and reported its findings to the expert group for further deliberation. Additionally, the expert group dispatched its members to Hong Kong, China (Shenzhen), Singapore, Thailand, and Malaysia to conduct field surveys of the activities of Japanese businesses and financial institutions that had moved into those areas and the movement of currencies involved in business transactions in the Asian region.

This year's expert group report is the culmination of all these deliberations and field surveys. In the report, Chapters 1-3 are devoted to showing, with the help of a great deal of data, how the process of integration of our country's economic activities at home and abroad—especially in relation to Southeast Asia—has progressed in recent years and how significantly this trend, coupled with recent changes in the modality of international financial transactions, is affecting our balance-of-payments picture. On the basis of these findings, the report, in its Chapter 4, entitled "Issues and Recommendations," advocates 1) a radical revision of our balance-of-payments statistics, 2) further improvement and strengthening of our financial markets (including the capital market), and 3) promotion of regional cooperation in Asia. Here follows a chapter-by-chapter introduction of the outline of the report.

Chapter 1. Progress in the Integration of Japan's Economic Activities at Home and Abroad

According to the report, the internationalization of our real economy is progressing as follows:

First of all, spurred by the yen's rise following the Plaza Accord of 1985, the amount of direct investment overseas in general by our manufacturing industries kept

increasing; since the beginning of the 1990's, however, such direct investment has been declining in Europe and the United States, whereas it has continued to hold strong in the Asian region. In Asia, the investment targets have evolved from the NIE's to the ASEAN countries and to China; in terms of the nature of investment, the emphasis is shifting from the labor-intensive type to the technology-intensive type. These Japanese firms established in Asia are gradually moving ahead with local procurement of parts: In the case of some makers of electric home appliances, a near 100-percent local procurement within a few years is a realistic goal. Likewise, in the field of funds procurement, they are making headway with localization efforts: Instead of relying on their parent companies in Japan, they are raising the funds they need locally by, for example, borrowing from host-country financial institutions.

Next, turning to what is going on in the household sector of our country, thanks to the strong yen plus the efforts of businesses involved in the promotion and importation activity, imported consumer goods are steadily finding their way into Japanese households. Also, lately, there has been an upturn in the volume of cross-border personnel exchanges, involving travelers and students, between Japan and neighboring Asian countries. And in the field of household savings, Japanese are showing a growing interest in, among other things, investment trust accounts associated with foreign countries.

Meanwhile, the report makes mention of the fact that Japan's public institutions such as the Overseas Economic Cooperation Fund and the Export-Import Bank of Japan are, through their activities of helping the aid-receiving countries improve their infrastructures among other things, facilitating the flow into those same countries of Japan's private-sector money including direct investments.

As noted above, there are visible trends among such economic entities as business firms and private households of Japan to aggressively move toward internationalization in their production and household activities. In the report, these trends are defined as "the integration of economic activities at home and abroad." Especially highlighted in the report is the current situation in which the integration of domestic and foreign economies is progressing amid deepening ties to the countries of East Asia.

Chapter 2. Integration of Domestic and Foreign Economies, and Its Impact on International Financial Transactions

On the question of international financial transactions, after making a brief reference to the fact that the recent trends in derivative products trading and "hedge funds" are a subject of debate at various international forums including the G-10 meetings, the report discusses the recent trend of international financial transactions with a particular emphasis on Japan's relationships with Asian financial markets.

First, the report deals with the trend in the flow of funds in and around Asia as follows:

In East Asia (NIE's, ASEAN, and China) where growth is dramatic, the need for funds has increased because of the growing demand for fixed-capital formation, including the augmentation of infrastructure essential for economic growth. In response, the inflow of funds from abroad has risen significantly since the second half of the 1980's. According to OECD statistics, of the total flow of foreign funds into the East Asian region, the portion (in net terms as of 1992) provided by advanced industrial nations was 43 percent from Japan and 27 percent from the United States. Looking at the same picture by type of funds, public funds from Japan accounted for 21 percent of the total inflow while private-sector funds from the United States and Japan accounted for 24 percent and 23 percent, respectively, of the total, attesting to the predominant role of these two countries—Japan and the United States—in this regard. Another thing about the influx of funds into Asia is that, not only is its volume increasing, its makeup is diversifying: In addition to direct investments involving public funds or private enterprises, lately portfolio money is becoming a growing ingredient of the mix.

Next, moving on to the subject of noteworthy recent developments involving financial markets, the report talks about how in recent years Asian countries have been adjusting to the rapid economic growth of their region. As specific examples, the report cites Hong Kong and Singapore: In Hong Kong's case, it is strengthening its financial functions aimed at China where the reform and open market policy is making headway; in the case of Singapore, building onto its record of having established Asia's first futures exchange (SIMEX) in 1984, it is acting as Asia's advanced international financial market by aggressively involving itself in derivative products trading. In this connection, a comparison in scope (balance of total assets) of offshore markets shows that Hong Kong, which is a market of the type that combines internal and external activities, had a balance of some \$800 billion (as of the end of October 1993) while Singapore, which like Tokyo is of the type that separates internal and external activities, had a balance of some \$400 billion (as of the end of March 1994) (the Tokyo market had a balance of some \$730 billion as of the end of March 1994). Also in Hong Kong and Singapore, stock markets too grew dramatically in terms of the number of companies listed over a recent two-year period: In Hong Kong the number grew from 310 companies in 1991 to 492 companies in 1993, an increase of 58.7 percent; in Singapore the number grew from 177 companies in 1991 to 212 companies in 1993, an increase of 19.8 percent. It is worth noting that the report takes into account these new developments in Asia's international financial markets and goes on not only to discuss the existing mutually complementary relationship between Japan's market and other Asian markets but also to point out two phenomena of recent origin: the

overlapping between our market and theirs in terms of products being traded, and the intermarket competition in the region.

In addition, the report touches on the creation of off-shore markets in Malaysia (on the island of Labuan in October 1990) and Thailand (BIBF [Bangkok International Banking Facilities] established in Bangkok in March 1993) and on the fact that China clearly plans to make Shanghai an international financial center.

In conjunction with the above-noted trends of financial markets, the report introduces as follows the findings of the field surveys conducted by members of the expert group regarding the state of transaction currencies being used in Asia:

First, even today, the countries of Asia are predominantly linked to the U.S. dollar; although Asian countries are strengthening their ties to Japan in real economic terms, the yen's role in all of this is still considered limited.

As for the reasons, in the area relative to trade transactions to begin with, they are: 1) The Asian region's dependence on the United States remains strong (of the total monetary value of the East Asian countries' exports worldwide, about 20 percent represents exports to the United States, attesting to the fact that the United States continues to be their number-one export partner). 2) Because currencies of all countries are normally quoted in rates against the U.S. dollar, it is convenient to use the U.S. dollar for trade transactions. 3) Due to the historical background, it is customary in international transactions to quote the prices of primary products in U.S. dollars.

Next, in the field of international financial transactions, as it is so notable in Singapore and Hong Kong, such transactions in the Asian region are basically U.S. dollar-denominated. In this region, too, the U.S. dollar is user-friendly because it is highly liquid, easy to invest, and has a high convertibility. Thus, the prevalent view in the region, according to the report, is that the U.S. dollar is likely to continue to assume the role of the international currency. If so, one might say that it is something foreboding to the prospects of the yen's internationalization.

Also, with respect to policies of the monetary authorities of Asian countries, the report points out that, because the exchange rates of their own currencies are so closely linked to the U.S. dollar, these authorities seem to continue to attach importance to their currencies' linkage to the U.S. dollar, and that, in the view of some members of the expert group who conducted the field surveys, they also seem to be consciously trying to prevent wide fluctuations of their currencies' rates against the U.S. dollar.

But, looking at the transaction currencies being used in trade with Japan, in reflection of Japan's closer real economic ties with the Asian region thanks to its growing

direct investment and official aid, there have been increases in the percentage of yen-denominated trade transactions with Japan (from 41.1 percent of exports and 11.5 percent of imports in 1987 to 52.5 percent and 25.7 percent, respectively, as of September 1993) and also in the percentage of yen-based foreign debts (from 19 percent in 1980 to 36 percent in 1993 of the combined foreign debts of Indonesia, South Korea, Malaysia, the Philippines, and Thailand). Also, it is believed that the percentage of the yen's share is gradually increasing in the foreign exchange reserves of these Asian countries.

Second, on the subject of the role of local currencies in Asia, the report points out that, despite the growing intraregional trade (of the total value of East Asia's exports worldwide, the share of the intraregional exports increased dramatically from less than 30 percent in 1980 to more than 40 percent in 1992), the practice of handling trade transactions in local currencies does not seem to have made much of an inroad. Also according to the report, many Asian countries are negative about the internationalization of their own currencies because local authorities are afraid that any massive movement of domestic and foreign capital out of proportion to the scale of their domestic financial markets is likely to have a disruptive impact on their financial policy and exchange rates.

Next, touching on the subject of Japanese financial institutions making inroads into foreign markets against the backdrop of advancing integration of domestic and foreign economies and new developments in international financial transactions, the report states that this has been a marked phenomenon spurred by the internationalization of finances, adding that even though the phenomenon has already run its course in Europe and the United States, in Asia the number of new operating bases being established by Japanese financial institutions is increasing steadily.

Chapter 3. Integration of Domestic and Foreign Economies and Its Impact on the Balance of Payments

Speaking of the impact on Japan's balance of payments of the above-noted integration of domestic and foreign economies and transformation of international financial transactions, the report cites the structural changes in exports and imports and the expansion and diversification of service trade and international financial transactions, and explains these trends as follows:

First, regarding the structural changes in exports and imports, the report points out that the growing direct investment overseas by our manufacturing industries will, for the short term, have the effect of increasing Japan's exports of capital goods as well as intermediate goods such as parts, but that, for the long term, as the rate of local procurements rises, the exportation of intermediate goods will decline while the reimportation into Japan of finished products will gradually increase, all of which will, in the view of some, have the salutary effect of reducing Japan's trade surpluses.

Next, regarding the service trade, the report cites as an example the remarkable growth achieved over recent years by the international information and communication service industry—growth spurred by the spread and expansion of global communications nets and facilitated by communications satellites and global data services. For instance, the 1992 volume of international telephone calls, measured in terms of call length, increased 4.0 times in outgoing calls and 2.8 times in incoming calls as compared with the 1986 volume—a significant growth. This growth of international information and communications services is serving as the foundation indispensable for the global deployment of Japan's financial institutions. Nevertheless, in the existing balance-of-payments statistics, the transactions related to the use of such international information and communications services are lumped together with all kinds of other service transactions not further classified under the heading of "other private-sector transactions." As a result, the report points out, their actual state is not necessarily being represented accurately.

The report further points out that, with the deregulation of financial markets in the background, international financial transactions have become more difficult than ever to grasp, and that the very makeup of balance-of-payments statistics is under pressure to be changed for a variety of reasons, one of which is that, as a result of increasingly brisk short-term dealings in capital transactions, making a broad classification of capital balance into long-term balance and short-term balance has lost much of its meaning.

Chapter 4. Issues and Recommendations

Reprinted below are the key parts of the text of the report itself:

Section 1. A Drastic Revision of Japan's Balance-of-Payments Statistics

As pointed out in the report by the "Balance-of-Payments Statistics Review Subcommittee," there is a need for drastic revision of the balance-of-payments statistics so as to make the statistics reflect accurately the real state of international economic transactions. The work of revising the statistics should proceed based on the following three-point basic policy: 1) to promote international congruity by following as much as possible the IMF's new manual and by improving the statistics' accuracy and compatibility with the statistics of other countries; 2) to see to it that the convenience of those using the statistics is well served; and 3) to be mindful of the burdens of those who must report the data required. Also, regarding the denominating currency for the balance-of-payments statistics, it is to be desired that the statistics, at least for official purposes, should be published in yen-denominated values.

Section 2. The Role Japan's Financial Market Should Play and Government Actions Called For

1. The Import of Japan's Financial Market

The financial markets of Asian countries are showing remarkable growth and expansion on the one hand, but on the other hand they are said to be immature as markets where long-term capital can be raised and inadequate in terms of market depth and application of advanced technology. It is for this reason that the Japanese financial market is being counted on to evolve itself in the direction mutually complementary with other Asian markets.

2. Further Improvement and Strengthening of Japan's Financial Market

In addition to New York and London, Asian markets such as Hong Kong and Singapore have been rapidly equipping themselves with the basic wherewithal to provide financial services that are of the same quality as those available in New York or London. Against this backdrop, international movement of funds between the Japanese market and these other markets has become brisk; in this connection, it is said that such intermarket movement of funds is guided by sensitive response to differentials in operating costs, such as personnel costs and cost of supplies, and in transaction costs including commissions and taxes. Under these circumstances, it is essential for Japan's financial market to become user-friendly by seeing to it that it can offer a full range of fund-raising options to accommodate the growing and increasingly diversifying needs, both domestic and foreign, for procurement of funds. For this reason, it is to be desired that our financial market, while maintaining its soundness, should be further deregulated. Especially in the field of derivatives trading, it is hoped that such derivative instruments that are conducive to the trading on international financial markets be readily offered at our market, while keeping in mind the importance of risk management by the financial institutions involved but, at the same time, not neglecting the effort to improve the method used for risk management to give it international congruity and to ensure the transparency and fairness of the contents of all such transactions.

3. Promotion of Regional Cooperation in Asia

As a consequence of the economic development of Asia, the flow of funds in and out of this region has become brisk; thus, it is hoped that, in keeping with this background development, the financial markets of Asia be liberalized further.

Also, given the heightened linkage between Asian financial markets including Japan's, it is to be hoped that government authorities supervising financial affairs should act cooperatively through such venues as the conference of "four Asia-Pacific markets." In addition, there is a need to promote information exchanges between all parties, including concerned elements of the

private sector. Also to be hoped for is that the regional cooperation in Asia, especially the cooperation in matters relative to financial markets, be promoted through continued technological aid by our government and private sector.

By Way of Conclusion:

As noted above, the expert group report in question contains propositions that are full of suggestions for the future conduct of international financial administration with respect to such matters as the role Japan's financial market should play on the basis of the integration of domestic and foreign economies which is progressing in tandem with Japan's deepening ties with the rapidly growing Asia. Although the report does not touch on the concrete, individual measures sought, a fresh feature of this report may be noted in its strong appeal regarding the need for further deregulation of our financial market centered around the field of derivatives trading with an eye on the competitive aspects of our relationships with other markets in Asia. On the question of drastically revising our balance-of-payments statistics, I can report that, with the cooperation of the parties concerned, necessary work is already underway in earnest in order to facilitate a transition as quickly as possible to the statistics in a revised format in accordance with the report and following the three-point basic guideline contained in it.

Tokyo To Decide on War Reparation 31 Aug

*OW2908134094 Tokyo KYODO in English 1244 GMT
29 Aug 94*

[Text] Tokyo, Aug. 29 KYODO—The government will announce Wednesday [31 August] its "comprehensive" stance on proliferating demands for individual reparations from the victims of Japan's wartime brutalities, including those from Asian women forced to provide sex for Japanese soldiers, a senior official said Monday.

Chief Cabinet Secretary Kozo Igarashi will outline the basic stance in the form of a statement of Prime Minister Tomiichi Murayama, who will fly back to Japan on Tuesday from his four-nation Southeast Asian tour, during which he apologized to Asian leaders for the wartime atrocities, said the official, who requested anonymity.

The announcement will include a program to spend a total of 100 billion yen over the next 10 years to expedite friendly relations and exchanges with Asian neighboring nations victimized by Japan's wartime aggression, he said.

The 100 billion yen outlay will be disbursed through projects to be supervised by various government ministries and agencies that have requested relevant budgets for fiscal 1995 in their budget allotment requests to the Finance Ministry.

The announcement will concern general policies toward the foreign victims of Japan's aggression and will not

deal with the issue of a proposed bill to compensate families of victims of the 1945 atomic bombings of Hiroshima and Nagasaki who died before April 1969, the official said.

The government is considering translating Japanese people's repentance over the wartime atrocities into specific action to commemorate the 50th anniversary next year of Japan's 1945 surrender in World War II.

Australian Minister: 'No Apologies Necessary'

*OW3008032194 Tokyo KYODO in English 0301 GMT
30 Aug 94*

[Text] Sydney, Aug. 30 KYODO—The issue of Japan apologizing for its actions during World War II has long ago been laid to rest as far as Australia is concerned, Foreign Affairs Minister Gareth Evans said Monday [29 August].

"We are not seeking further apologies from the Japanese. We had those a long, long time ago and we have long since developed a mature and balanced and forward-looking relationship," he told reporters in Canberra.

Evans was asked to comment on Malaysian leader Mahathir bin Mohamed's view that Japan no longer needs to apologize for World War II.

"That is not to say there is not time every now and again to stop and think back and re-create the past and rethink some of the sacrifices that were made by Australians in the past to give us the kind of country we have today," he said.

Evans was speaking to reporters after accepting a peace prize.

National president of the Returned Services League, Maj. Gen. Digger James, appeared to endorse Evans's comments and said the sensitivities of those who lost their loved ones must not be overlooked.

"Without laboring the point, we have people in Australia who I believe we must be sensitive to," said James. "Equally, I firmly believe that the Japanese people understand that and I don't want to beat it up any more."

James said next year's ceremonies to mark the anniversary of the end of the war in the Pacific will recognize 50 years of peace in Australia, and also recognize the sensitivities of those who are still alive who lost relatives in the war.

Asked whether there would be any Japanese involvement in the commemorations, Evans said there may be occasion during the ceremonies for international representation, in perhaps laying a wreath at the war memorial, but the main purpose of the celebration is one of a commemoration by Australians for Australians.

Professor Views Strategy of Nuclear Weapons

942A0498A Kyoto VOICE in Japanese Aug 94
pp 106-115

[Article by Takanori Irie, professor, Meiji University:
"The Day Japan Arms Itself With Nuclear Weapons—
Japan's Fear: Unarmed and Facing a United States That
Does Not Fight North Korea"]

[Text] Obligation To Possess Nuclear Weapons

Nothing has ever more clearly demonstrated the mystique of nuclear weapons than the recent issue surrounding North Korea.

Statistics for 1980 indicated that the North Korean GNP was less than 1/300th of that of the United States, but today its overall situation has worsened and it is said that it suffers from chronic food shortages, that it is plagued by shortages in energy required to maintain basic lifestyles, and that the economy is on the brink of bankruptcy. Even from the standpoint of military strength, it represents a minuscule existence in comparison with the world's sole remaining superpower known as the United States. Even a conservative comparison would portray the two countries as a mouse and an elephant. Notwithstanding, there is the potential for such a small country to possess nuclear weapons and the mere suggestion that it might withdraw from the nuclear Non-Proliferation Treaty (NPT), resulted in what may be somewhat exaggerated as upsetting a global hornets' nest.

The fact that North Korea—which can be termed as the smallest of small nations—was able to summon to its capital an imminent politician of such high standing as a former president of the United States testifies to the mysterious but extraordinary influence held by nuclear weapons. In the days before nuclear weapons were developed in the world, that is, prior to 1945, a situation of this nature would probably never have occurred. For example, is it possible to visualize a scenario in which a major political figure of the British empire of the 19th century is summoned by the leader of a small remote country, bows his head in respect, and inquires about the leader's intentions?

Another matter which might be termed as surprising is that when President Kim Il-song suggested that he would allow International Atomic Energy Agency (IAEA) inspectors to remain in North Korea, President Clinton, as if to say he was waiting with bated breath and would not question suspicions of past extractions of plutonium, announced he would arrange for the resumption of U.S.-North Korean talks. Tetsuya Kataoka of Stanford University in theses such as the one titled, "Clinton Will Not Fight" carried in the July edition of this magazine wrote that Japan might face "the horror of a United States that will not fight," and it appears that his statement may turn out to be accurate. We can only consider the situation to represent a recurring diplomatic victory by North Korea.

I am writing this article just as former President Carter had visited Pyongyang, met with President Kim Il-song, and had just returned to Seoul on 19 June. An honest appraisal of the situation would indicate that Japan, South Korea, and the United States are all relieved at the avoidance of a near-term clash, but that all three countries are unable to conceal their internal quandary over the situation. Although chagrined at decisions made between the United States and North Korea without its participation, South Korean President Kim Yong-sam immediately agreed to a North-South Korean summit that North Korea had proposed via Carter, but it is still unable to assess North Korea's true intentions. Even in Japan, some newspapers indicate the suspicion of a secret agreement between the United States and North Korea and point out that the Nodong-1 cannot reach the United States, but is capable of reaching the Kyoto-Osaka-Kobe area of Japan. Even selected U.S. mass media have criticized the fact that Clinton proposed sanctions on the one hand, while sending former President Carter to North Korea as a de facto "special emissary." This is a case where delicate differences between Japan and the United States unexpectedly manifested themselves in an obvious manner.

The issue of how things changed as a result of the appearance of nuclear weapons on earth compared to the pre-nuclear age has been debated from a variety of angles in the past. A recent very interesting case of such a discussion is found in a thesis titled "The New Structure of International Politics" by political scientist Kenneth Waltz. A summary translation of the thesis was published in the April 1994 edition of the magazine SHOKUN! under the title, "Japan Arms Itself With Nuclear Weapons," leading me to believe that many of you have read the thesis.

Although this may result in a somewhat personal version of a summary, the gist of the thesis was that just as there was a time when peace was maintained in the cold war era by the United States and the USSR holding nuclear weapons as superpowers and mutually refraining from making the first strike because of the mutual possession of retaliatory strike power, the future multilateral power structure will call for several major powers to maintain nuclear retaliatory capabilities to preserve peace, not only qualifying but obligating Japan and Germany to maintain nuclear capabilities.

In essence, he is saying that future global peace will be maintained by a somewhat increased level of multilateral mutual assured destruction (MAD) powers.

What Is Japan Going To Do?

Last year, concurrent with talk of North Korea either having developed or being in the process of developing nuclear weapons, discussions took place in the United States and Europe of the possibility that Japan would arm itself with nuclear weapons.

According to some British reports, Japan has already built bombs that can be converted to immediate nuclear

weaponry by merely loading the warheads with plutonium. I believe reports of this nature emanate from the thought that if international society, especially the United States, is unable to deter North Korea from arming itself with nuclear weapons, it would be completely logical for Japan to take essential self-protective measures and there is a need to restrain North Korea even from that viewpoint. I believe such reasoning is objectively justified.

From the fall through the winter of last year, numerous Americans visited Japan on this issue, but the Japanese experts who received those visitors inform me that the question initially posed by the visitors was, what will Japan do if it becomes clear that North Korea possesses nuclear weapons? Some of those experts even told me that that was the only question asked by the visitors. If one were to give the question some thought, he would realize that, for the United States, possession of one or two nuclear weapons by North Korea is insignificant in view of the large volume of nuclear weapons and the accompanying delivery capabilities possessed by Russia and China. In fact, the same attitude applies to Russia and China and the possession of nuclear weapons by North Korea is again not of great concern to those nations.

Deng Xiaoping is quoted as saying, "China is like a beggar and even if it becomes infested with fleas, it does not feel much irritation." It seems that his mention of "fleas" refers to nuclear weapons and his statement can be interpreted as saying that a China targeted by Russia and the United States considers the possession of nuclear weapons by North Korea to be an insignificant problem.

In comparison, the arming of Japan with nuclear weapons could very well mean a rewriting of the security scenario for the Far East as well as for the world. If it comes to the point where Japan—which recently successfully launched the H2 rocket (H1 itself possessed the purely technical capabilities of an intercontinental ballistic missile) and expanded its capabilities to deliver materiel to space—gains access to nuclear weaponry, the situation changes drastically and all the principal nations of the world will be forced to rethink the international political scenario.

The Rand Research Center, which has close ties to the U.S. Defense Department, is known as a think tank with researchers such as Francis Fukuyama who wrote *The End of History* and George Friedman who wrote *The Coming War With Japan*, which purports that a second Japan-U.S. war is inevitable, and it frequently issues excessively cautionary reports on Japan. In a report published in November 1993, it recommended that Washington pressure Japan to reduce its use of plutonium in connection with the issue of proliferation of nuclear weapons. The authors of this report must have envisioned Japan's future plutonium utilization policies and expressed their fear that Japan would stockpile large volumes of plutonium.

However, the novelty of the Waltz thesis lies not in the outdated ideas of the past, but in its assertion that it is possible to create stability equaling that of the cold war period through the possession of nuclear retaliatory capabilities by several major powers with "rational natures" such as Japan and Germany. SHOKUN!, which carried the thesis by Waltz, also presented the opposing viewpoint of Kazutake Kamiya of the Defense University which I understood thoroughly, but I must admit lacked any persuasive qualities.

Kamiya premises his position on "the conviction that the Japanese public possesses a common sentiment that strongly disapproves of nuclear weapons which transcends their own ideals and beliefs." He further attributes unfounded suspicion held by people worldwide that Japan is about to arm itself with nuclear weapons to the fact that the "Japanese people have failed to provide a persuasive explanation of Japan's national strategies to peoples of other nations."

What he says may be true, but he has failed to offer any sort of independent strategy and I myself question whether there is a third option in the form of an independent Japanese strategy. I also feel it is somewhat dangerous for the Japanese themselves to advocate a "position unique to Japan" in the area of strategy. In comparison, the Waltz thesis offers a position which is far more universal and convincing in nature.

Waltz's argument describing adequate restraining effects as being a case wherein "even if there is an absence of progress of a technical nature which provides for gigantic first-strike capabilities or effective defensive capabilities, as long as we do not lose the capability to survive the first strike and strike back with numerous nuclear war heads," constitutes no more than a restatement of the previously mentioned MAD principle and is completely lacking in originality. However, the "key point" in Waltz's thesis is his argument that such strategies are applicable to the multifaceted global situation now manifesting itself and therein lies aspects to which we should give calm consideration without being unduly influenced by Japanese tendencies to be swayed by fickle "emotions." I feel that it is especially important that we assume such a stance at a time when North Korea is scoring unbelievable diplomatic points under its perception that the United States and other former major nations of the world uniformly display reluctance to make a major issue out of North Korea's nuclear issue along with a similar genuine feeling on the part of South Korea and Japan.

Waltz writes that "nuclear weapons benefit nations which accept the status quo, that is nations which do not possess aggressive intentions," but this statement can also apply to the current situation in North Korea. North Korea is well aware that if it were to become the target of economic sanctions or if it were to start a war, its national structure will ultimately collapse and its consistent and unwavering aim has been to maintain its status

quo by instilling fear in its neighbors that it has or may have nuclear weapons. Accordingly, just as Waltz has said, "Nuclear weapons have benefited nations which assume the position that accept the status quo." Further, when Waltz says, "If the leaders of each nation thoroughly comprehend the significance of nuclear weapons, it can be understood that the existence of nuclear weapons can provide for a stable peace at a logical cost," as long as the leaders of all nations assess all situations in a logical manner and avoid making human mistakes in mechanical aspects, we can only say that he is completely correct.

Further, Waltz states, "In the nuclear age of today, even countries with weak economic infrastructures can easily acquire the position of a major nation," and we have no choice but to recognize this argument in view of the fact that North Korea recently threatened to withdraw from the NPT under the supposed possession of nuclear weapons and scored such a diplomatic victory over the United States. Now that the cold war structure has collapsed, South Korea has established diplomatic relations with China and Russia, and North Korea has deepened its sense of isolation, North Korea is thoroughly aware of the significance of possessing nuclear weapons in a manner far beyond that imaginable by Japan which has been pampered by the "protective measures" provided by the United States for half a century since the end of World War II.

Former President Carter, Who Played the Role of Chamberlain

I must admit that I have read Waltz's thesis in SHOKUN! in its summary translation form only, have been negligent to the degree that I have not read the full original text, and must speak with that one reservation, but insofar as the summary translation is concerned, there are aspects of Waltz's views with which I am not necessarily in agreement. I have a problem with his excessively self-evident treatment as a premise the assumption that the various governments will act in a logical manner reflective of their awareness of the horrors of MAD and, as already mentioned, no human errors will take place with respect to the mechanical functions of nuclear weapons.

An issue that was thoroughly discussed during the cold war era and need not be tediously covered at this point is that the real horror of nuclear proliferation is that nuclear weapons have the potential of being used outside of the bounds of MAD by some terrorist group as a means of intimidation. It need not be mentioned that the restraining function of MAD will not work because terrorist groups do not base themselves in specific locations. If the potential arises that nuclear weapons can be used by such groups, we will all be placed in a helpless position.

Article 1 of the NPT which was signed in 1968 and which Japan joined in 1976 provides as an obligation of nations possessing nuclear weapons "not to transfer directly or

indirectly to any recipient whatsoever" such nuclear weapons, relative technology, or control over such weapons and technology, while Article 2 prescribes, in contrast, that nations not possessing nuclear weapons are obligated "not to acquire nuclear weapons directly or indirectly from any party" and concurrently "will not manufacture nuclear weapons." The effect of this treaty is that it recognizes the war-restraining functions of nuclear weapons as described by Waltz, and serves as an expression of the fear of the potential for use of nuclear weapons in an irrational manner beyond the bounds of MAD. During the cold war era, terrorist incidents were occurring at a rate averaging about 100 a year and, according to a CIA report published during the 1970's, when hijackings were occurring frequently, over 140 international terrorist groups were involved in hijackings. Moreover, a troubling situation is that tribal, ethnic, and religious regional disputes have intensified and terrorist activities are spreading geographically.

Fortunately, so far, we have heard of no reports of nuclear weaponry transfers to such organizations and equally fortunate is that biological-chemical weaponry equal in terrorizing potential to nuclear weaponry has never been used so far by terrorist groups. However, there is the possibility that organizations and countries may appear that are inspired by the recent "brilliant" diplomatic victories of North Korea and attempt to copy North Korea's performance. Further, rumors abound that North Korea may sell nuclear weapons to earn foreign exchange.

When a terrorist group intimidates another nation with nuclear weapons, the intimidation becomes increasingly effective if the "lawlessness" of the group is widely known, and it is feared that there is no telling what may happen if the group's demands are disregarded. In that sense, North Korea once engineered the Korean Air Lines incident that gave global notoriety to the name of Kim Hyon-hui, and prior to that incident, it had plotted the attempted murder of President Chon Tu-hwan in connection with the Rangoon incident. According to Burmese investigative reports, the timing devices on the hand grenades carried by the terrorist who had infiltrated into Rangoon were modified so that the grenades would explode upon removal of the safety device. This indicated that there was no discrimination exercised in seeking ways to destroy evidence, qualifying North Korea as a full-fledged terrorist nation.

The threats recently posed by North Korea's real or potential development of nuclear weapons made full use of such experiences of the past. The so-called threat to "turn Seoul into a sea of fire" should be considered as having been made to gain the full effects of such threats. North Korean strategies of this nature have succeeded to an unbelievable degree up to this point and it would not be strange to see other nations and groups attempting to mimic such performance.

Needless to say, the North Korean issue still has many aspects whose ultimate outcome cannot be predicted at

this time and premature assessments must not be made. However, while various countries of the former Soviet sphere successively faced collapse or change following the end to the cold war structure, North Korea obviously opted for the course of using possession of nuclear weapons as its final means of preserving and winning recognition from international society of its current structure. And, if we assume that North Korea succeeded in its strategy by summoning former President Carter to Pyongyang, the recent role played by former President Carter in acting for the United States to appease North Korea could possibly be compared to the 1938 visit to Munich by then British Prime Minister Arthur Neville Chamberlain to appease Hitler.

Thoughts About Potential Dangers

Needless to say, I am well aware of the vast differences in all aspects of national strength between that of Hitler's Germany in the 1930's and North Korea today. However, as stated from the beginning of this article, it is the unusual characteristics of nuclear weapons that enabled North Korea to perform such a daring feat as that of recent days. Already, this is not only a case of "nations with weak economic infrastructures being able to easily acquire the status of a major nation in today's nuclear age," as stated by Waltz, but a case where even small nations facing economic failure and imposing unbearable economic hardships on its people can deal with major nations on an equal footing. Accordingly, future developments may prove that Carter played a more damaging role than that played by Chamberlain.

The reason for this statement is that, if North Korea has already completed development of nuclear weapons, although potential actions will ultimately depend on the level of technology developed by North Korea, today's miniature versions of nuclear weapons can be carried in a suitcase, meaning that if such a weapon should fall in the hands of a terrorist, it would be a very simple matter to destroy a 100-story building. If an explosion like that were to take place in a densely populated urban area, the resulting debacle is obvious. Further, terrorists could use such weapons to make a variety of threats. There must have been many people who felt at ease because Israel had destroyed Iraq's nuclear reactor when the Gulf war erupted. It makes one shudder to think of such possibilities.

It is widely known that a major change took place in global political, economic, and military balance as a result of the collapse of the cold war structure, but it is still unclear how the world will shape up in the final analysis. Current wars of the post-modern age are widely referred to as low-intensity conflicts (LIC) and are significant in terms of a broad definition of guerrilla warfare. In that sense, modern wars since the Napoleonic wars are fundamentally different in characteristics. However, if we were to search for the origin of today's guerrilla wars, we would find them in Napoleon's Spanish expedition where he met with much difficulty;

modern wars taking place since the Napoleonic wars were waged on a scale that went beyond the definition of guerrilla wars. Accordingly, there is reason for the United States as a modern superpower that faced defeat in the Vietnam war to display extreme fear of LIC's. Moreover, it is regrettable that Japan, which is even weaker than the United States in its ability to cope with LIC, is one of the nations which has given no consideration to measures to cope with LIC.

A review of an internal document prepared by a Japanese government agency on the dangers on the Korean peninsula, published in the July edition of BUNGEI SHUNJU, cannot help but make one aware of Japan's vulnerability to common terrorist attacks. The document clearly states, "If we consider the nature and status of existing security systems of Japan's society, which has never had the experience of facing direct threats of terrorism, the potential is high for the easy commission of terrorist acts (by unspecified groups), the resulting human and material losses would be extensive, and there is the potential for serious social instability." And, we can only say that the document is accurate in its statement that the "Japanese are peculiarly prone to panic, calling for risk management for that very reason."

People who are prone to panic are also easily affected by rumors, thus making it imperative that routine planning take place to prevent the type of explosive situation which occurred immediately following the Kanto earthquake of 1924. Fortunately, mass media today is highly developed, which facilitates the dissemination of accurate information, but we must make plans to minimize panic and its resultant casualties to the maximum degree feasible. A half century of peaceful living in the postwar era has left Japan in a very complacent and unprepared state relative to such issues.

Japanese people have a strange attitude in that they "worship mystic words," are convinced that to prepare for a disaster will itself automatically cause the disaster to take place, and have the bad habit of disregarding that which they dislike. The Defense Agency has researched the Emergency Act since September 1978 and produced an interim report in 1981, but no noteworthy progress has been made, signs are that no thought has been given to potential crises. We must take early action in this respect.

The Day Japan Will Withdraw From the "NPT"

If a crisis is of moderate proportions and is properly used, it can have major educational effects. Human beings are normally lazy creatures and are frequently incorrigible about their bad habits unless faced with crisis. This was also the case during the final days of the Tokugawa regime 130 years ago.

After Commodore Matthew C. Perry arrived in Uraga in 1853, the Japanese succeeded in implementing the Meiji Restoration in just 15 years, and major lessons were learned from the Satsuei war and Mazeki war of 1863.

Since I have written about these wars on several occasions, I will make limited reference to them, but the Satsuma clan was defeated in a sea battle with Britain and the Choshu clan was defeated in a land war with allied forces of West Europe. Both wars were settled when Japan was forced to pay huge reparations, finally forcing the Japanese to realize the position that they occupy. Normally, learning lessons from a crisis requires that the crisis neither be so great as to make recovery impossible nor so limited that the people underestimate its impact.

I am hoping that the present crisis in East Asia is enough to serve as an appropriate crisis to awaken the Japanese people to their significance. A so-called appropriate crisis is one that enables the gleaning of lessons learned, causes a change in attitude, and provides means of coping more effectively with future contingencies.

The previously quoted Japanese government internal document accurately indicates that Japan is plagued with a number of vulnerable points because of the protective umbrella provided by the United States for one-half century in the postwar era. One of them is that Japan is so structured as to be vulnerable to terrorism. Another is that it is totally lacking in means to cope with exposure to specialized military units. Being vulnerable to panic situations points to the fragility of psychological attitudes, but as referred to in Waltz's thesis, a matter of foremost concern is that Japanese people suffer from the major weakness of not being able to extricate themselves from the bad habit of dealing with international relations on the basis of their "emotions."

As it appears even now, if North Korean strategy succeeds, international society will be forced to coexist with a North Korea that possesses nuclear weapons, and the Korean peninsula will one day be integrated into one nation, and nuclear weapons might be inherited by the unified government or the appearance of such an inheritance may be presented. In other words, Japan just might have to coexist with China, Russia, and yet another neighboring nation with nuclear capabilities. Moreover, the United States is turning inward to become a "normal nation" on a long-term basis and it may not be too far off when Japan will no longer be able to rely on the U.S. nuclear umbrella.

Most likely, when that happens, as mentioned by Waltz, people will realize that it will be an objective and rational option for Japan to possess nuclear weapons for the stability of East Asia. It appears that postwar Japanese have been brainwashed into thinking that Japan is not a rational country. However, that is probably just a biased viewpoint and, as long as that is the case, the time will come when it should be corrected. Article 10 of the current NPT states, "Member nations have the right to exercise their sovereignty and withdraw from this treaty when it recognizes that extraordinary events arising in connection with matters stipulated in this treaty jeopardize the supreme interests of one's own nation." We

need not mention that North Korea has suggested that it might withdraw from the treaty based on this article, but the question is, can Japanese say that the day will never come when it will have to take a fresh look at this particular article?

Will it be then that the Japanese will for the first time realize the correctness of Waltz's assessment that the Japanese's peculiar "emotions" about nuclear weapons are trivial in nature? In any event, I would like to state that the time has come for Japanese to cast aside "emotions," "bias," and "taboos" and extend calm and objective thought about issues of this nature.

Continued Reports on Tax Reform Issues

Decision Expected in Sep

OW3008044394 Tokyo KYODO in English 0403 GMT
30 Aug 94

[Text] Tokyo, Aug. 30 KYODO—The government and the ruling coalition parties will decide by the end of September on "concrete" policy for the promised year-end tax reform, Finance Minister Masayoshi Takemura said Tuesday [30 August].

Takemura, speaking at a press conference after a morning cabinet meeting, also stressed the need to "handle together" tax cuts and a consumption tax hike under the tax reform.

"The ruling parties and the government must show one policy as their final decision by the end of September" after a project team of the coalition parties offers its conclusion in mid-September, Takemura said.

"We can't avoid making a decision," Takemura said, stressing that linking the tax cuts and proposed consumption tax hike in a single package is "desirable."

But he refused to offer any clear proposal on how it will be done, saying, "It is not the time for the finance minister to give concrete ideas when discussions are still under way among the parties."

The Finance Ministry has been insisting that tax cuts and an offsetting consumption tax hike be included in a single package of tax reform bills.

Takemura's latest comments only called for simultaneous discussions, and some other government and party leaders, including Prime Minister Tomiichi Murayama, have recently suggested the possibility of leaving aside the tax hike issue for later consideration.

Takemura described such differences of opinion near the final stage of discussions as "rather healthy" and said he is taking them "relatively calmly." "I have no intention of putting aside the thorny tax hike issue," he said. He noted also that there are many other critical issues including administrative and fiscal reforms.

Takemura on Reforms

OW2808061394

[Editorial Report] Tokyo FNN Television Network in Japanese at 2238 GMT on 27 August broadcasts a live studio interview with Finance Minister Masayoshi Takemura by announcers Yuji Kuroiwa and Megumi Sekito. Regular panelist Kenichi Takemura and Hokkaido University Professor Jiro Yamaguchi also participate in the interview.

Takemura is first asked about tax reform. His remarks on this topic are covered by second referent item.

They next discuss the policies of Sakigake (Harbinger), which Takemura heads and which is one of the ruling coalition parties. Kuroiwa asks Takemura what he thinks of the critical view that Sakigake does not clarify its policies in order to allow it to hold a decisive vote and that it tends to jump on the bandwagon. Takemura rebuts these assertions, saying, "Our party has clarified its policies at important points when the general public has required it." Takemura speaks highly of Sakigake and its party leadership but says that the question is whether the party will be able to persuade the Liberal Democratic Party (LDP) to agree to tax reform.

Kuroiwa next asks him about administrative reform and says that Takemura has long called for reform and has proposed the consolidation or abolition of special government corporations as a reform measure. Takemura says: "Our party is most serious about reform. You should watch whether or not Sakigake will be able to promote administrative reform in cooperation with the two other ruling parties. At this point, I am confident that we can do so." He adds: "Sakigake will exercise leadership, if necessary, in promoting the reform. If the Murayama administration fails to achieve it, its reason for being will be called into question." When asked whether he has specific special corporations in mind that need to be consolidated or abolished, Takemura declines to name any but replies: "Of the existing 92 special corporations, I think that some of them are no longer necessary. So, a decision will be needed to abolish them. Two or three corporations will be able to remain in existence if they are consolidated." In detailing how much financial gain will be obtained by reforming special corporations, Takemura answers: "The consolidation or abolition of special corporations or government offices may not bring about substantial financial benefits. Nevertheless, the call for reform is so strong that it is worth carrying it out." He also notes that financial benefits will be obtained through a reduction in the government's expenditures.

When asked whether or not he has the desire to establish his own government in the future, Takemura denies this by saying: "I am not the kind of person who acts based on concrete strategies. I act on intuition." Concerning a plan within the opposition camp to form a new party, Takemura comments: "That is inevitable, because the

electoral system requires them to form a new party. They cannot win in elections if they run in them independently. Thus, they need to unite themselves." However, he criticizes the opposition parties for considering the plan only as a way to win in elections, without possessing a policy accord.

When Yamaguchi asks him about relations between Sakigake and the Social Democratic Party of Japan (SDPJ) following the SDPJ's policy shift, Takemura replies: "Based on our party platform, we intend to promote further cooperation with the SDPJ. We will also discuss with the SDPJ a future realignment of political parties."

In the end, Kuroiwa asks Takemura when he thinks that the dissolution of the House of Representatives for the general election will take place. Takemura states, "I think it will take place about two years from now." He adds that the LDP-SDPJ-Sakigake coalition government has to promote reforms by then. The interview ends at 2315 GMT.

Takemura Remarks Criticized

OW2808051394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Aug 94 Morning Edition p 2

[Text] On the evening of 26 August, a top executive of the Liberal Democratic Party [LDP] in charge of policy affairs touched on the fact that Finance Minister Masayoshi Takemura and Chief Cabinet Secretary Kozo Igarashi have expressed negative opinions on enacting the tax system reform bill within this year. He complained, "It is not appropriate for the government to make such negative comments (on a reform of the tax system) when the ruling parties are doing their best to coordinate differences of opinion." At the same time, the executive revealed that he on 25 August asked Igarashi to be careful when commenting on this issue.

He also said: "Properly speaking, the government should be the one to ask the ruling parties to help promote the reform of the tax system [as published], but our positions have been reversed."

Coalition Panel's Reports

OW3008044494 Tokyo KYODO in English 0423 GMT 30 Aug 94

[Text] Tokyo, Aug. 30 KYODO—The ruling coalition's panels on tax reforms, administrative reforms and public welfare agreed in a joint meeting Tuesday [30 August] to issue separate reports Sept. 13, coalition officials said.

The panel on tax reforms had been scheduled to release a package of recommendations on that date, and the other two panels agreed to issue their own reports simultaneously, the officials said.

The joint meeting agreed that tax hikes, including a raise in the consumption tax from the present 3 percent, were

unavoidable to make up for tax cuts and to meet growing public welfare needs in the coming years.

Most officials present also agreed that tax hikes and administrative reforms be implemented simultaneously.

The next joint meeting is scheduled to be held Sept. 7.

Indecision on Reform Criticized

942A0617A Tokyo ASAHI SHIMBUN in Japanese
26 Aug 94 p 5

[Editorial: "Do Not Get Cold Feet on Tax Reform"]

[Text] When one listens to the debate on tax system reform which was just seriously initiated by the coalition parties, one cannot help but visualize a child who has forgotten to finish his summer vacation homework.

Even if the parent reminds him that "there isn't much time left to finish the homework," the child expresses some clever excuses and is very reluctant to sit down at his desk to finish the homework. Similarly, politicians face issues that demand resolution, but they display signs of trying to avoid the inevitable.

As an example, there is the suddenly emerging Social Democratic Party of Japan proposal to handle the income tax and residential tax reduction on a two-tiered basis.

The two-tiered approach calls for combining this year's fixed-rate tax cut and a permanent tax cut based on a modification of the tax system, and to cancel the fixed-rate portion when the consumption tax rate is hiked in the future. The idea here is to limit the future hike in consumption tax to the degree necessary to compensate for the permanent tax cut. However, one cannot avoid the impression that this approach is being proposed to take care of essential tax system requirements through clever manipulation.

We have no disagreement with the international commitment to continue a tax cut on the same scale as this year, but the fixed-rate tax cut was supposed to be a temporary measure and is excessively generous to those in high-income brackets. Moreover, nothing has been done to provide for offsetting revenues and any stance that condones a continuation of this void is inexcusable.

Although we can say that it is only logical to minimize the hike in consumption taxes to the smallest degree possible, any attempt to realize that goal by reducing the scale of the tax reduction is tantamount to a failure to see the forest for the trees.

To begin with, the goal of the coming tax system reform is supposed to ensure an economic recovery and to establish a tax system responsive to an aging society.

Tax system reform must involve a reduction in tax burden centered on middle-class wage earners in the area of income and residential taxes, a "revision of direct and indirect rates" in the overall tax system, and a "balance in income, consumption and various asset taxes."

Another difficult pending issue is the source of funds for defraying costs associated with increased expenditures for social security budgets in areas such as improved nursing provisions for the aged and expanded public investments to improve living conditions.

Another area covers the indispensable need to execute administrative and fiscal reform as repeatedly stated by Prime Minister Murayama, but a negative viewpoint is conspicuous on this issue among both the Liberal Democratic Party and the Social Democratic Party of Japan.

Future debate should probably seek an overall coordinated reform concept concerning tax systems, fiscal expenditures, and administrative systems. Any resolution that is limited to only one phase should be rejected.

We have always advocated a "combined-package" approach on tax cuts and hikes. We embrace that approach because we believe the fiscal situation is such that any tax system reform which does not provide for offsetting tax revenues would be irresponsible. However, we cannot agree with an approach calling for a combined decision on the timing and size of a consumption tax increase. If everything is decided upon, there is no guarantee that we will realize the establishment of pre-conditions for implementing tax increases for programs such as administrative and fiscal reform.

Even if we decide to effect tax increases three years later, it will not be too late to decide on the size of the hike at the end of the year preceding the one in which the hike is to take place. Until then, we would like to maintain surveillance over the government and coalition parties to see how well they deal with issues confronting them.

From the viewpoint that they criticized the hasty and sudden "national welfare tax" concept of the Hosokawa government, it is only logical that the current coalition government adheres to the required procedural steps in the conduct of government affairs. Any highly controversial diversified debate is acceptable as long as the approach to a resolution is defined so that it is readily understandable on the part of the public.

However, any approach would be unacceptable that is overly concerned with election impact and that dedicates itself to prolonging the life of an administration by postponing the resolution of issues that are controversial in the eyes of the public.

We request that the coalition parties produce a responsible package of tax reforms by the deadline of mid-September.

Unified Approach Urged

942A0616A Tokyo YOMIURI SHIMBUN in Japanese
25 Aug 94 p 3

[Editorial: "There Should Be a Unified Approach to Tax Reform"]

[Text] After returning from its summer break, the coalition party Tax Committee handling the coalition party's tax reform project resumed a full-scale debate on 24 August with a view to completing a draft tax reform plan by the middle of September.

However, one wonders if the Murayama cabinet and the three coalition parties actually have the will power and leadership to execute fundamental tax system reform by the end of the year.

"Fundamental tax system reform" is a modification of this fiscal year's unusual fixed-rate income tax and residential tax reduction into a permanent, genuine tax reduction based on a revision of tax rates for different income categories and a reform of the tax system to prepare for an aging society by reducing the weight assigned to direct taxation and increasing the weight assigned to indirect taxation by hiking the consumption tax rate.

At the same time, the necessity for a detailed study on the status of future welfare programs, increases in public works programs, and cuts in government administrative and fiscal costs need not be mentioned.

Needless to say, if we consider economic trends, we need to provide for a two- to three-year lag in the implementation of the consumption tax hike, but the important point is that both tax increases and decreases should be handled as a combined legislative action.

If we should take early action only on tax reduction legislation and indefinitely delay tax increase legislation, the result will be a further deterioration in an already huge fiscal deficit. It is regrettably difficult to visualize future politicians who would be willing to dedicate themselves to tax increases.

Moreover, arguments for postponing tax increase legislation expressed by coalition party leaders and executives in recent days lead to the fear that such arguments will prevail.

As an example, Liberal Democratic Party Secretary General Mori, in a recent statement at a press conference, said we need only express a "political will" to effect tax increases in the future and to process legislative action as a separate package, calling for separate tax decrease and increase actions... a terribly irresponsible approach.

Even Social Democratic Party of Japan Secretary General Kubo said, even though we must debate tax increases in the future, "we must first legislate a tax cut

before completion of the budget package," thus indicating a passive stance on a combined package for tax increases and decreases.

Even Finance Minister and Sakigake [Harbinger] President Takemura has expressed pessimism about the completion of legislative work on tax system reform by the end of the year.

The foregoing situation exists because of the international commitment to reduce taxes and the political calculation by the coalition parties that tax cuts should be continued in one form or another, but that consumption tax increases should be postponed in terms of timing the implementation as well as in legislative form so as to avoid any adverse impact on elections.

In the area of tax reductions, some sources in the coalition party have proposed a peculiar "two-tiered tax reduction theory."

The idea here is, assuming a 5.5 trillion yen income tax and residential tax cut similar to that of this fiscal year, to implement 3 trillion yen of the cut with a revision in tax rates and the balance with an interim fixed-rate cut such as that applied in this fiscal year, and when the consumption tax is increased in the future, to discontinue the income and residential tax cuts which were implemented on a fixed-rate basis.

The foregoing approach is a measure of last resort and would enable limiting the consumption tax hike to a rate which equals the 3 trillion yen cut represented by the revision in tax rates, but if the second portion or fixed-rate portion of the tax cut, covering income and residential taxes, is discontinued, it will automatically result in a tax increase, but it is very questionable as to whether taxpayers will accept such an approach.

If an attempt is made to cater to the wishes of voters and tax increase legislation is postponed or if we resort to tinkering with the tax system, we only intensify the public's distrust of the system.

MOF To Request Budget of 19,999.6 Billion Yen

OW3008094694 Tokyo KYODO in English 0932 GMT
30 Aug 94

[Text] Tokyo, Aug. 30 KYODO—The Ministry of Finance [MOF] will request a total of 19,999.6 billion yen in the fiscal 1995 budget, up 12.8 percent from the current year's initial budget, ministry officials said Tuesday [30 Aug].

Accounting for about 80 percent of the requested amount are debt-servicing costs, up 14.2 percent to 16,406 billion yen and contributing a large share of the growth in the total requested, the officials said.

Debt redemption costs total 4,440.6 billion yen, interest payments and discounting fees 11,874.7 billion yen, and operating expenses 90.6 billion yen, they said.

The ministry made the request for debt-servicing costs on the assumption that new government bonds worth 7.4 trillion yen and rollover bonds worth 21,564.7 billion yen, excluding deficit-covering bonds issued in fiscal 1994, will be issued, they said.

Besides debt-servicing costs, the ministry will request 403.1 billion yen for economic cooperation allocations, up 8.4 percent, and 57 billion yen for measures related to smaller businesses, up 5.6 percent, they said.

The ministry will also request 1.3 trillion yen for transfer to the industrial investment special account and 566.3 billion yen to liquidate an account deficit posted in fiscal 1993, they said.

For miscellaneous costs, mainly for personnel expenses, the ministry will request 917.3 billion yen, the officials said.

Requests for funds to cover general operating expenditures, which exclude debt-servicing costs, transfer to the special account and liquidation costs, total 1,727.3 billion yen, up 4.3 percent from the fiscal 1994 initial budget, they said.

The officials said the 4.3 percent growth will be smaller than an expected 4.8 percent increase in the combined budget requests to be submitted by Wednesday by ministries and government agencies.

Aside from the budget request, the ministry will also ask for 5 billion yen in special allocations and 300 billion yen for policy-priority public works spending.

It will request 3.9 billion yen for improvement of housing for government workers and 1.1 billion yen for promotion of office automation in tax offices, the officials said.

JDA To Seek 4.7 Trillion Yen

*OW3008093794 Tokyo KYODO in English 0913 GMT
30 Aug 94*

[Text] Tokyo, Aug. 30 KYODO—The Japan Defense Agency [JDA] will seek 4,726.9 billion yen in defense spending in the fiscal 1995 budget, holding down expenditures for boosting frontline strength in line with the government's policy to put a strict cap on the military budget, agency officials said Tuesday [30 Aug].

The agency had to curtail spending for weapons and training to cover increases in personnel costs and to meet the government's "ceiling" to cap defense budget growth at 0.9 percent from the fiscal 1994 budget, the lowest rise since fiscal 1961.

The small growth rate forced the agency to cut back its 1991-95 defense buildup plan.

The government's fiscal belt-tightening could also have an impact on Japan-U.S. defense cooperation.

In the budget request, to be submitted to the Finance Ministry on Wednesday, the agency is seeking 135.3 billion yen to shoulder the costs for U.S. military bases in Japan, up 9.6 percent from the previous year. But the agency's request for an increase of 11.8 billion yen in the budget for assisting U.S. Forces operations in Japan fell far short of the 24.3 billion yen needed to fully shoulder the costs of Japanese workers at the bases as Japan pledged in an agreement with the United States.

Under a special bilateral agreement in 1991, Japan is supposed to shoulder all work-related expenses for Japanese workers at U.S. military bases in Japan by fiscal 1995.

Defense Agency Director General Tokuichiro Tamazawa made clear in a news conference Tuesday that Japan will meet its pledge.

The agency, however, is strongly opposed to a plan by the Social Democratic Party [of Japan], headed by Prime Minister Tomiichi Murayama, and the Finance Ministry to cover the shortfall by cutting other defense outlays.

"We will have to eke out the money with a budgetary juggling act," said an agency official.

A top agency official showed confidence in meeting the promise, saying, "I think we will come up with some way by the end of the year."

The agency nevertheless slashed the budget request for facilities it lends to U.S. Forces, for the first time ever.

The Finance Ministry will incorporate the requests of ministries and agencies into its draft budget for fiscal 1995, which serves as the basis for the government's budget plan.

Under the Defense Agency's budget request, the outlays for enhancing frontline strength, the purchase of weapons and the like, account for 16.1 percent, while personnel costs are responsible for 44 percent and spending for building barracks and other nonweapon expenditures for 39.9 percent.

The planned 43.3 billion yen increase in the overall defense budget from the fiscal 1994 initial budget does not even cover the growth of 82.9 billion yen in personnel costs.

In a related move, the agency also decided Tuesday to deploy U.S.-made early warning radar aircraft at the Air Self-Defense Force base in Hamamatsu, Shizuoka Prefecture.

The agency is seeking a 786 million yen outlay for the deployment of AWACS (Airborne Warning and Control System) in its budget request.

A total of 19.3 billion yen is expected to be needed for the entire AWACS project that starts operating in fiscal 1997.

New Party To Promote Global Role for Tokyo

*OW3008120894 Tokyo KYODO in English 1107 GMT
30 Aug 94*

[Text] Tokyo, Aug. 30 KYODO—The planned new party grouping noncommunist opposition members will buttress the nation's involvement in international affairs in order to assist global attempts to achieve peace and prosperity, according to a draft of policy principles revealed Tuesday [30 Aug].

According to the draft, the new party will seek "diplomacy with an ambition" and encourage active participation in world political issues, such as reform of the United Nations, to assume responsibility in peace-making efforts.

The new party is expected to consist of former ruling coalition parties such as Shinseito [Japan Renewal Party], Komeito and the Democratic Socialist Party as well as several other small parties and groups.

The document urges Japan to break away from the stance of pursuing only its own peace and prosperity.

The principles, prepared by the party's basic policy draft committee, will be formally endorsed during next Monday's meetings of party heads and executives.

The new party will also pursue the completion of political reform and promote deregulation, according to the draft. The party also pledges efforts to pursue a welfare-oriented society in which economic stability and employment will be secured and social inequities redressed, it said.

Coalition Members Urged To Join New Party

*OW3008071594 Tokyo KYODO in English 0704 GMT
30 Aug 94*

[Text] Tokyo, Aug. 30 KYODO—The leader of the opposition, Buddhist-backed Komeito on Tuesday [30 Aug] urged coalition legislators to join a planned new party merging all noncommunist forces.

Chairman Koshiro Ishida told a meeting of his party's central committee "I want to appeal to legislators of the ruling parties to participate (in the new party) surpassing the frame of their political parties."

In a further bid to solidify ties and create a single large opposition party, eight noncommunist opposition forces agreed Monday to adopt as their common tenet "responsible politics."

Ishida apparently has in mind those coalition legislators who in July opposed the election of Social Democratic Party [of Japan, SDPJ] leader Tomiichi Murayama as premier and instead supported the joint opposition candidate, former Prime Minister Toshiki Kaifu.

The ruling coalition comprises the SDPJ, the Liberal Democratic Party and New Party Sakigake [Harbinger].

"We have to gather on a broad basis all people who support reform, who endorse the basic idea to create a new middle-of-the road conservative force," Ishida said.

He said the new party should be set up before year-end. But he reiterated that, unlike for future general elections, Komeito would enter its own candidates for upcoming unified local elections in the spring, even if the new party became reality before then.

"As in the past we will campaign under the Komeito banner," he said.

He said general elections should be held as soon as possible after the full implementation of a new election system based on single-seat constituencies and proportional representation.

Rengo To Call on SDPJ To Change Party Platform

*OW3008061694 Tokyo MAINICHI SHIMBUN in
Japanese 29 Aug 94 Morning Edition p 2*

[Text] Speaking at a regular meeting of the national general labor unions held in Sapporo on 28 August, Japanese Trade Union Confederation [Rengo] Chairman Akira Yamagishi disclosed the intention to, at a 3 September extraordinary convention of the Social Democratic Party of Japan [SDPJ], submit a five-point request—including a change of the party platform—as a condition for Rengo's further support of the Murayama government.

The five-point request is: 1) The party platform should be changed in order to make clear that the turnabout of basic policies is not merely to maintain power; 2) efforts should be made to put together liberal forces of the SDPJ and the Japan Democratic Socialist Party [DSP] with an eye to the regrouping of political circles; 3) policies that can reflect characteristics of the SDPJ should be worked out; 4) the party's policies concerning electoral collaboration should be presented; and 5) the party should call on the Liberal Democratic Party [LDP] to carry out self-reform, such as the freezing of its plan to revise the Constitution and the enacting of a law for relief of atomic-bomb victims.

SDPJ's Defense Policy To Curb SDF Capability

*OW3008121394 Tokyo KYODO in English 1102 GMT
30 Aug 94*

[Text] Tokyo, Aug. 30 KYODO—The Social Democratic Party [of Japan] (SDP) [SDPJ], a key force in the current coalition government, on Tuesday [30 Aug] unveiled new basic defense policy proposals calling for stricter curbs on Japan's military response to potential foreign threats and restrictions on the types of military equipment permissible.

The SDPJ, led by Prime Minister Tomiichi Murayama, called for legislating the proposals as the nation's most

fundamental defense tenets under the title of "basic security act," according to the document listing the proposals.

Terming the new defense posture "the principle of limited defense," the report says it should replace Japan's five decades-old defense principle of a "defense-only military."

Under the new formula, the Self-Defense Forces "could use minimum necessary force only within Japan's territory and its surrounding adjacent areas, during the period before the UN Security Council takes necessary measures, if Japan faces an imminent, unjust invasion."

In addition to this basic condition, the report also calls for authorizing the use of such minimal force only "if there were no alternative methods" to defend Japan's people and territorial integrity from such a foreign attack.

The report also recommends legally prohibiting the SDF from "possessing weapons and military equipment whose capabilities would enable Japan to wage an attack on other countries, while barring the formation of any troops" with such capabilities.

It also proposes that the new law mandate a shrinkage of the size of the SDF through drafting of a fresh 10-year disarmament program beginning in 1995.

It recommends banning Japan from exercising its "collective security" right to use force in order to block an attack by a foreign country on "nations with which Japan keeps close ties" if Japan is not itself under attack by the foreign nation. However, the report reconfirms Murayama's parliamentary commitment to maintain the Japan-U.S. Security Treaty.

The report proposes legislating Japan's decade-old principles of not manufacturing, not possessing, and not allowing the introduction of nuclear weapons onto Japanese soil, while calling for the same principles to be applied to other arms of mass destruction.

While demanding a ban on the overseas deployment of Japanese troops for forceful purposes, the report says Japan should "actively participate" in UN peacekeeping operations that do not involve the use of force. However, the report fails to provide any explicit wording on the issue of whether Japan should organize contingents of civilian peacekeepers, distinct from SDF troops, to join such UN operations, a position long advocated by the SDPJ.

The report also calls for rejecting growing calls to jointly develop a so-called theater missile defense (TMD) system with the United States in order to shoot down ballistic missiles such as might be used in a possible future attack by North Korea.

Japan should also rethink the ongoing program to develop a sophisticated next-generation support fighter, code-named (FSX), in conjunction with the United States, the report says.

The SDF will submit the new report to a national convention of SDPJ members on Saturday as "reference material for discussion," SDPJ sources said.

LDP Agrees on Proposal to Revise Election Law

OW3008120794 Tokyo KYODO in English 1122 GMT 30 Aug 94

[Text] Tokyo, Aug. 30 KYODO—The Liberal Democratic Party (LDP) Tuesday [30 Aug] decided on its election law revision proposals aimed at widening the scope of the so-called "guilt-by-association" system to cover the heads of election committees.

Under the LDP proposals, the election of a candidate would be invalidated if the head of his election committee or people overseeing his campaign draw a tough sentence for bribery or other violations of the public offices election law.

The candidate would also be prohibited from running for election for five years after the court ruling is set.

The LDP, however, failed to decide on the date for putting the amendment into effect, and left the decision to party executives.

The Social Democratic Party [of Japan] (SDP) [SDPJ], the LDP's main partner in the ruling coalition, also decided Tuesday to compile its own election law amendment proposals in early September.

Since the SDPJ also aims to enhance the guilt-by-association system in line with the LDP proposals, there is a good chance that the ruling coalition will submit its political corruption prevention bills to the extraordinary Diet session scheduled to start Sept. 30, party officials said.

Opposition Parties Adopt Unified Policies

OW2908154794 Tokyo KYODO in English 1529 GMT 29 Aug 94

[Text] Nagoya, Aug. 29 KYODO—Eight noncommunist opposition forces agreed Monday [29 August] to adopt as their common tenet "responsible politics," giving another boost to moves to solidify ties and create a single large opposition party, party officials said.

The agreement came at a meeting of a panel of policy-makers from all parties and parliamentary groups except for the Japanese Communist Party. The panel is headed by House of Representatives legislator Yuji Tsushima, a member of Koshikai (High Ideal Party) led by former Prime Minister Toshiki Kaifu.

Tsushima said the slogan "responsible politics" implies three ideals the upcoming unified opposition party will strive to accomplish—the promotion of persistent reform efforts, mainly for Japan's fiscal structure, the creation of a caring society worth living for, and Japan's active participation in international efforts to make the world peaceful.

The three tenets will receive official blessings of the leaders of the parties at a summit slated for Wednesday, he said.

Tsushima told a news conference the emerging unified party will have a resolve to bid farewell to Japan's longtime attitude that if it alone enjoys peace and prosperity, it does not have to contribute its personnel to international peacekeeping efforts.

The joint platform reflects the component parties' resolve to have Japan "actively participate in international efforts to reform the United Nations and other matters of global concern."

The new opposition party will push a joint drive to garner permanent UN Security Council membership for Japan although the tenets do not refer to it directly, Tsushima said.

The former Liberal Democratic Party (LDP) legislator also hinted the new party will seek to raise the consumption tax rate to put Japan's deficit-ridden fiscal house in order, saying, "we must avoid inflicting an excessive fiscal burden on the future."

He was apparently referring to arguments that continual flotation of a large amount of deficit-financing bonds to fund tax cuts will place a huge fiscal burden on future generations of taxpayers to pay for resulting budget deficits.

Tsushima blasted the administration of Prime Minister Tomiichi Murayama for avoiding assuming Japan's "responsibility to the global community" by evading the responsibility to contribute to UN peacekeeping missions.

"How can Japan take responsibility to the global community on the international front if it sticks to the stand of enjoying peace for Japan alone," Tsushima said.

He also said the new tenets are designed to encourage legislators of the LDP and Social Democratic Party (SDP) who might share the new tenets to defect to the opposition camp and join the new party. The two parties are components of the ruling coalition shared by another, New Party Sakigake (Harbinger), an LDP splinter.

The eight opposition parties are Shinseito, Japan New Party, the Democratic Socialist Party, Komeito, the Liberal Party, Koshikai, New Party Mirai (Future) and ex-Kaikaku No Kai (Reform Society) that groups four LDP breakaways.

*** New Political Scene Develops on Past Grudges**

942B0137A Tokyo SHUKAN GENDAI in Japanese
16 Jul 94 pp 28-31

[Unattributed special report: "The LDP's Vengeance Begins With Birth of Murayama Coalition Government"]

[Text] Drinking the Best Wine "Out of Desperation"

"You can't find this kind of wine easily in Japan. The Hata cabinet resigned en masse, so I wanted to splurge as a farewell to you all."

Ending his scant two-month tenure at the Ministry of Foreign Affairs, former Minister Koji Kakizawa opened a dozen or so bottles of Romanee-Conti during a press interview at the Iikura Guesthouse of the Ministry. He was drinking out of desperation. At about the same time that evening, three representatives from the new coalition parties—Prime Minister Tomiichi Murayama, President Yohei Kono of the Liberal Democratic Party [LDP], and Masayoshi Takemura of Sakigake [Harbinger]—were busy making a roster of members for the new cabinet in the Diet building.

The evening passed this way, following the decision to change the administration. It ended the big farce at the Diet, which seemed to ridicule the public and raised the curtains for another war based on past grudges.

The roster of cabinet members was issued the following day. It could be easily mistaken as the LDP government. Although the post of finance minister was yielded to Mr. Masayoshi Takemura, other major posts were filled by LDP members: Yohei Kono as foreign minister, Ryutaro Hashimoto as minister of international trade and industry, Isao Maeda as justice minister, Hiromu Nonaka as minister of home affairs, Shizuka Kamei as minister of transport, and Tokuichi Tamazawa as director general of the Defense Agency. Having secured most of the influential, central posts of the cabinet, the LDP seemed to have made a complete changeover from what it used to be up until recently as an opposition party. Especially because these posts just mentioned used to be held by its bitter enemy Shinseito [Japan Renewal Party], the LDP now regained its total control over policies, people, rights, and interests.

To this lineup, reporters from the news media responded by asking pointed questions: "Is this coalition formed by the anti-Ozawa camp?" And, as many of the new cabinet members from the LDP worked hard on persecuting in conjunction with the Hosokawa scandal, they were asked "if they gained their cabinet positions because of their work."

On the other hand, Mr. Ozawa, who had tried to maintain his coalition by bringing in former Prime Minister Toshiki Kaifu, had nothing to say after the end of the plenary session of the Diet. He left the Diet building with a dejected look. Former Prime Minister Tomutomo Hata was asked by a reporter, "Do you think there was an anti-Ozawa sentiment behind the scene?" With a bitter expression on his face, he acknowledged by saying, "There was such a sentiment."

As the number of rebellious Diet members turned out to be less than expected, the coalition of the LDP, the SDPJ, and Sakigake was able to win by a large margin.

Members of the coalition were delighted by their victory: "We will support Prime Minister Murayama as best as we can" (per Foreign Minister Yohei Kono); and "this is epoch-making" (per Finance Minister Masayoshi Take-mura). Prime Minister Murayama was beaming and said, "I can feel my heart throbbing." He went to the LDP's anteroom for greetings and exchanged a yell. All this clearly showed a distinction between the new and the old coalition parties. It was said to be a result of the LDP's maneuver on the SDPJ vote-collecting machine All Japan Prefectural and Municipal Workers' Union, which is the core group of Rengo [the Japanese Private Sector Trade Union Confederation].

Mr. Ozawa, on the other hand, tried to eliminate the SDPJ's leftists and to break up the LDP. He was making steady progress in recruiting Mr. Kaifu. Already on 30 May [1994], Deputy General Secretary Kozo Watanabe of Shinseito approached Mr. Kaifu, who was then visiting Turkey. And in June, Mr. Ozawa and Mr. Kaifu reportedly held several secret meetings at a city hotel. Also, in response to Mr. Ozawa's request, former Prime Minister Morihiro Hosokawa and Dietman Takeo Nishioka were urging Mr. Kaifu to make a "decisive action." Mr. Ozawa was expecting to score 265 votes at least, and Mr. Kaifu was confident in recruiting more than 50 individuals from the LDP.

Mr. Ozawa Failed in His Plan To Break Up the SDPJ

Mr. Ozawa's strategy was again being formed behind a closed door. During a press conference on his resignation, former Prime Minister Hata called for an end to the politics based on grudges: "Political warfare is not healthy," and "we must fall to the ground once." Here, he should have asked this to Mr. Ozawa first.

"We can't tolerate Ozawa's tactics of stirring up things in the LDP. After Hata's resignation en masse, Ozawa was saying something like 'going out of office' and 'going to repent,' but he was doing completely opposite. The LDP was feeling a sense of major crisis that Ozawa might destroy the party. In fact, he tried to recruit our party members many times, using money and promises for future posts" (per a Dietman of middle standing from the LDP).

According to an executive member of the old coalition parties, there was also an intense political maneuvering over the SDPJ. "By the time when the Hata administration was formed, Ozawa had lost his desire to embrace the SDPJ as a whole. According to his blue print, he wanted to create a post-Hata administration by eliminating the leftists and picking up only the rightists like democrats as well as some members of the LDP. Therefore, as I've heard it, he promised a position of finance minister to Hirotaka Akamatsu, administrative director of the democrats."

An anti-Ozawa executive of the LDP also says, "I have heard a rumor that the democrats were receiving money from Ozawa. I would call them 'money mongers, not

democrats.' Akamatsu and Wataru Kubo (General Secretary of the SDPJ) were completely in Ozawa's hands. They were on the ball in creating a coalition. An executive of the coalition close to Ozawa was saying unequivocally, 'I don't mind if (the SDPJ breaks up and) we are left with democrats only.'"

Criticism against these democrats and General Secretary Kubo is being voiced by some people within the SDPJ. One executive says, "The current confusion in the political situation is caused by the Ichi-Ichi [Ichiro Ozawa and Yuichi Ichikawa] line's plot to break up the SDPJ. It is pitiful that Kubo and Akamatsu were drawn into this plot. Many unofficial meetings between Ozawa and Kubo were being held at a hotel where Ozawa kept a room. Akamatsu's democrats also had rooms at the same hotel from time to time, but I wonder where the money came from. Makoto Tanabe (former chairman), Akamatsu, and others had meetings with Ozawa at that hotel."

Dietman Sukio Iwadare of the SDPJ criticizes Mr. Kubo as follows: "Mr. Kubo was acting on the premise that he would not join hands with the LDP. But his behavior makes me suspicious that his weak spot was known to Mr. Ozawa and General Secretary Yuichi Ichikawa of the Komeito."

It was Mr. Ozawa's strategy to pit the pro-Ozawa group against the anti-Ozawa group within the SDPJ. The same tactics was applied to the LDP. It was an intentional action by Mr. Ozawa to promote further restructuring of the political sector by creating fears about him and causing major breakups within the LDP and the SDPJ. The first person Mr. Ozawa approached was former Foreign Minister Taro Nakayama, who flatly refused to join him. Supporting Mr. Kaifu was Mr. Ozawa's "last draw" in the gradual development of his strategy.

"Only a small number of executives within Shinseito knew the actual progress of Ozawa's maneuvering. Everything was kept in complete secrecy" (per a young Dietman from Shinseito).

An Administration With Unexpected "Possibility"

The result, however, was Mr. Ozawa's major failure. The number of "ready" sympathizers of former Prime Minister Kaifu turned out to be less than expected, and the group of rebels in the SDPJ—be they democrats or money mongers—didn't act as expected.

Professor Tomiji Tsukada (a historian of modern Western thought) of Hitotsubashi University's Sociology Department, who recently published a book entitled *The Birth of a Politician*, analyzes the situation as a "failure of the Ozawa method" as follows:

"I think Mr. Ozawa has a policymaking ability, but he doesn't consider other parties as his equal partners. He failed because he tried to gather people by manipulation—intimidating and promising them of their future posts. His use of such a method disqualifies him as a

politician to begin with. Also, the democrats simply repeated the SDPJ's traditional assertion that they couldn't join hands with the LDP. They were sticklers for nomenclature and couldn't understand the changing situation because [instead of the LDP,] Shinseito and Kaishin [Innovation] were embracing the Tanaka's dominant style of politics and the idea of constitutional reform."

In any event, the new administration has embarked on its journey. However, its instability cannot be denied as Prime Minister Murayama himself confided that "the people seem to be worried about our future." As party policies, the LDP wants to enact an independent Constitution and to preserve the Japan-U.S. security structure. The SDPJ, on the other hand, has not made any official retraction of its stance against the Japan-U.S. security pact. By joining hands, can these two parties run the administration together? The economic summit is soon to be held in Naples, and there is a pile of other difficult issues, including the issue of Japan's entry as a permanent member of the UN Security Council, the North Korean problem, and the strong yen.

Dietmember Hideko Ito of the SDPJ says, "The LDP is now softened. One of its executives is saying that he will request the Executive Council to dismember Mr. Michio Watanabe and Mr. Yasuhiro Nakasone, who didn't vote for Prime Minister Murayama. Mr. Koichi Kato says, 'I want the administration to last for at least three years. To this end, the LDP will act as a bulwark for the administration.'"

Dietman Shinji Sato of the LDP says, "On tax reform, which is said to be a difficult thing to do, the LDP can agree with the SDPJ. Mr. Ozawa is for combined tax increase and decrease. But the LDP has been insisting on separating tax increases from tax cuts, and the SDPJ agrees to this idea. Also, Mr. Ozawa said, 'Murayama is not the right person for the economic summit.' His statement is an insult to the governing parties because the same could have been said to Mr. Hosokawa and Mr. Hata. The LDP will support Prime Minister Murayama through and through."

Dietman Yoshinobu Shimamura vouches for the new administration and says, "The LDP embraces a broad view, from constitutional reform to the defense of the Constitution. So long as the SDPJ doesn't revert to dogmatism, we will be able to make it together."

There is another view: "Contrary to some people's expectation, this administration seems to have possibility." Professor Yoshihiro Tsurumi of New York City University explains as follows:

"In Nagata-cho the Murayama administration is considered simply as 'ephemeral' and a 'stopgap.' On the contrary, I think it has a chance. Mr. Ozawa conducted a kneeling diplomacy toward the United States, and that was tragic for both Japan and the United States. If Mr. Kaifu was chosen, this kind of diplomacy could have

continued. It is possible for the new Murayama administration to put forward a new direction. As a bond between the LDP and the SDPJ, the Sakigake's principal ideas will come alive. Sakigake is cautious on Japan's entry as a permanent member of the UN Security Council, and this is in agreement with the U.S. stance that Japan does not have to rush into the membership. On the North Korean problem, Mr. Takemura prefers dialogue along the U.S. line, rather than sanctions preferred by Mr. Ozawa."

We have to wait and see what will happen. But what worries us most is that the anti-Ozawa administration may plunge into a war based on grudges against the previous governing parties. Dietman Shoichi Nakagawa, president of the "Japan!!," warns: "Past grudges will only complicate politics, and the public will turn their backs on politics." Will this kind of voice be heard?

Reportedly, Mr. Ozawa said during his meeting with Secretary General Yoshiro Mori of the LDP, "I'd like to fight fair from now on. If you have any grudge against me, I'll consider taking off my (Dietman's) badge. Let's stop politics based on past grudges." This statement is also interpreted by the LDP as Mr. Ozawa's obvious strategy to stir up something as in the case of his earlier statement, "I don't mind kneeling down."

"Many Bombs To Blast Ozawa"

On the other hand, although the LDP says that it is going to deal single-mindedly with mounting issues here and abroad, it seems to be awaiting patiently for a chance to retaliate on Mr. Ozawa. "Ozawa is a liar. He changes his statements all the time. He is not trustworthy. He stirred up the LDP during the last coalition government, but now it's our turn. The issue of Kashima's political contribution in the amount of 5 million yen, the suspicion over public works projects in his district in Iwate Prefecture, the election based on votes from all the general contractors, his involvement in the Saitama Doyokai scandal, in which Dietman Kishiro Nakamura was the only one to be arrested—all these and many more bombs are ready to blast him" (per an LDP executive), he is not trustworthy.

Another LDP Dietman testifies: "The LDP is now pressuring Rengo to exclude the Japan Democratic Socialist Party [DSP] from Kaishin and to cooperate with it from outside the cabinet."

Another insider of the LDP says, "The LDP has not given up solving the case of former Chief Masahisa Naito of the Industrial Policy Bureau of the Ministry of International Trade and Industry, who was fired from the Ministry. The reason we secured the ministerial positions at the Ministries of Justice, Home Affairs, and Education is that to keep our eye on Sokagakkai and Komeito because some people from Komeito have already begun to probe into the LDP. In addition, we have no immediate plan to discontinue our 'committee to probe into Prime Minister Hosokawa's suspicious

dealings.' Also, as Mr. Takemura believes that 'the reason for my resignation from the Chief Cabinet Secretary's position is that some bureaucrats badmouthed about me to Ozawa,' a major crash seems unavoidable between Takemura and bureaucrats from the Ministry of Finance, which is led by Vice Minister Jiro Saito.

"It's been rumored widely that there is a secret agreement to 'have an election under the medium constituency electoral system.' But, at the time of voting on the redistricting bill, we will create conflicts between the governing and opposition parties, leading to dissolution. Also, we will recruit the Japan New Party's Dietmen, thereby making Ozawa spineless."

What will Shinseito do to fight back? A political reporter says, "Deputy Secretary General Kozo Watanabe said proudly, 'We will show them what an opposition party should be.' But one former cabinet member from the party has been asking even newspaper reporters, 'Do you know of any scandals on the new coalition parties?' There is a rumor that Mr. Ozawa is going to check into a hospital; he is probably going to reconstruct his strategy behind the scenes."

The politics based on past grudges that has dragged in the entire political sector was started when Mr. Ozawa left the LDP. After giving birth to Prime Minister Murayama as its "illegitimate child," it seems to have entered a new stage.

* Inner Workings of 'June Political Confusion'

942B0153A Tokyo SENTAKU in Japanese Jul 94
pp 52-54

[Unattributed article: "Inner Workings of June Political Confusion, 'Clear-Headed Ozawa Technique'"]

[Text] During the latter part of June, many Diet members, judging that a "dissolution of the Diet was inevitable," ordered their local campaign workers to mobilize their forces. In particular, the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ] believed that 1) a nonconfidence vote against the Hata cabinet would be submitted, 2) a nonconfidence vote would be passed with the agreement of the SDPJ, and 3) Hata would dissolve the lower house. This was the most likely course, as believed by the LDP and the SDPJ.

In the end, even Shinseito [Japan Renewal Party] and its allies were busily preparing for an election, prompted by the information that "an election is finally here." However, later it became clear that Ichiro Ozawa, secretary general of Shinseito, manipulated this information. Moreover, concerning the election, he has concluded that "there would be no chance of holding the election under the medium-size electoral district system. And because Mr. Hata (the prime minister) also has been talking about reform, it would be impossible for him to hold the new election under the medium-size electoral system. The next election will, of course, be held under

the single-seat electoral system" (according to Ozawa's 12 June 1994 appearance on Fuji TV).

However, many Diet members thought that this might only be Hata's official stance because when there are urgent matters, such as the passage of the nonconfidence vote, he may come up with a different decision. The conventional commonsense "pattern" was that right after the passage of a nonconfidence vote, former prime ministers would dissolve the lower house immediately and then seek public opinion, as the late Prime Minister Masayoshi Ohira and former Prime Minister Kiichi Miyazawa did.

The Return of the SDPJ Has Been Already Decided

But Ozawa is not the conventional type. His basic strategy is to do all that he can to avoid passage of the nonconfidence vote, but if the vote is passed, he will go along with the decision to resign en masse and to search for the next step.

Finally, the confused June political situation ended with "the Hata cabinet's resignation en masse to avoid the lower house dissolution." However, looking back at this trend which began at the end of April, when Hosokawa resigned and Hata gained power, it is clear that "Ozawa's political power" is continuing.

The following exchanges clearly demonstrate the inner-workings of the June political situation and Ozawa's strategy. On 22 June, the SDPJ submitted "confirmation items regarding the establishing of a new coalition government" (so-called political concept).

SDPJ General Secretary Wataru Kubo said "one of the reasons the party in power happens to be an unfortunate and unusual minority is that the SDPJ has departed from the coalition. Although we may be correct in our position, it is undeniable that we bear responsibility for the results. We have new proposals, based on the hope that the coalition government will be run steadily."

Ozawa said: "Thank you very much for having this policy-consultation meeting. I agree with your perception of this situation. We would like to cooperate to build an administration with a strong foundation."

Koken Nosaka, chairman of the Diet Affairs Committee, said: "I think the FY94 budget will be passed on 23 [June 1994]. Therefore, we would like an early meeting between Chairman (Tomiichi) Murayama and Prime Minister Hata. Can we have answers to our proposals at that time?"

Ozawa said: "I believe the prime minister will meet with all the party chiefs—beginning with Chairman Murayama—after the budget is passed. The parties in power would like to concentrate on one proposal. In order to conclude political reform during this Diet session, we would like an early completion of the electoral redistricting bill."

Kubo said: "We would like to discuss your views fully."

Regarding the first part of the exchanges, Kubo, who is a rightist and close to Ozawa, has always advocated a return to coalition politics, and when a dispute arose on 25 April over the formation of "kaishin," a legislative alliance, Kubo opposed leaving the coalition.

However, pressure by the left-wing group to leave the coalition was beyond imagination. It seemed that the party was on the verge of splitting, if Kubo and the right-wing members remained with the coalition. So Kubo begged off, saying to Ozawa: "We have to leave the coalition for now," and he left the coalition reluctantly.

The expression "we bear the responsibility for the results," which indirectly admits and places the blame on the SDPJ, proves that Kubo did not want to leave the coalition. It must be understood that the agreement between Ozawa and Kubo regarding SDPJ's return to the coalition was established early on. The unity between the two is almost monolithic, and there has not been any obstacles stopping this return, except for the opposition of leftists.

The problem lies in the second part of exchanges between Ozawa and Nosaka, who represented the leftists. Nosaka pushed for an early answer. It was as though he was saying that they could go along with the nonconfidence vote. To this Ozawa's answer could be interpreted as: "I have already settled that matter with Kubo. Naturally, leftists would also want to return to the coalition and to gain some ministerial posts. So don't talk big. Besides, the important point is to pass the redistricting bill. Don't interfere again."

"Voluntary Resignation En Masse" a Timely Offer

Ozawa is always looking two to three steps ahead. To Ozawa, the events that took place during the past 10 months or so since Hosokawa's inauguration last summer have all been "transitory phenomena."

His current goal is to complete the electoral system reform. Being the minority administration is a disadvantage, but for Ozawa, it is not a big deal. He thinks that it is more important to reach the goal quickly.

After meeting with Kubo and Nosaka, Ozawa met with reporters and talked about the redistricting bill for the lower house. Ozawa said: "Since our proposition is to complete the political reform, we have to either extend the current Diet session or open another session swiftly after the summit meeting (by the major industrial nations). Our position is to act on the advice of the redistricting council to swiftly pass the bill."

Ozawa repeated the word "swiftly." However, among LDP and SDPJ members, there are some forces still looking to hold general elections under the medium-size constituency system and to suspend the single-seat district system.

From the point of view of the Ozawa side, nothing is more dangerous than "crushing the political reform bill"

by the conservative faction. Therefore, in order to fully prevent the conservative faction from taking action, the redistricting bill has to be passed swiftly.

It is of secondary importance what will happen to the Hata administration or who will succeed him.

Therefore, regarding the manner in which the SDPJ will return to the coalition, Ozawa, at first, wasn't concerned, saying: "It's difficult to understand their intentions, which seek voluntary resignation en masse. Is it really all right to elect Mr. Hata after he resigns? There is also an opinion to reshuffle the cabinet. Although it is all right to do various things as a performance, this is not essential."

His words carried the "nuance" that it made no difference to him how the SDPJ returned to the coalition. Perhaps in Ozawa's opinion, in the end, the voluntary resignation was a temporary but unavoidable step.

But the anti-Ozawa sentiment within the SDPJ is also deeply rooted. Some members openly say: "If we have to join hands with fascist Ozawa again, we will really leave the party this time." This indicates that some members may bolt the SDPJ.

Moreover, the force within the LDP which regards Ozawa as a dangerous person has not diminished. One of the LDP leaders said with a grave expression: "Ozawa's two-party theory is a deception. Although he advocates a two-party system, he actually aims for a one-party system under his own dominance. The single-seat electoral system is a necessary tool for him. If we allow him to carry out his plan, sooner or later Japan will experience a dark age."

Ozawa must be aware of this. During the confused June political situation, the Ozawa side was very cautious over the course of these events developing in the following order: 1) the LDP's nonconfidence motion against the Hata cabinet, 2) the passage of the nonconfidence vote by the LDP, the SDPJ, and Sakigake [Harbinger] parties, 3) the Hata cabinet's resignation en masse, 4) the establishment of an election caretaker cabinet by the LDP, the SDPJ, and Sakigake parties, and 5) an immediate dissolution of the Diet and a general election of the lower house.

Regarding the nonconfidence motion, it was possible for this motion to pass, with only a few SDPJ members voting for it. Both camps continued to count the votes up to the last minute. The breakdown of the vote was as follows:

Group voting for the nonconfidence motion

The LDP, 206; Sakigake-Seiun [Blue Cloud]-Minshu no Kaze [Democratic Wind], 22; JCP, 15. Total: 243

Group voting against the nonconfidence motion

Kaishin (Shinseito-JNP-DSP), 126; Komeito, 52; New Party Mirai (Future), 5. Total: 183.

The difference is 60 votes. If 10 among the 74 SDPJ members who hold casting votes decide to go along with the nonconfidence motion, the bill will be passed (the nine independent SDPJ members are about equally divided). Ozawa side feared that the passing of the nonconfidence motion will be risky and will lead to a "crushing of political reform."

In order to avoid this situation, there is no other way except to remove the Hata cabinet immediately. The proposal by the SDPJ to voluntary resign en masse was a timely offer.

Resourceful Takemura Who Weaves Through Crevices.

Political maneuvering of Ozawa who manipulates two cards concurrently was once again observed. During the post-Hosokawa political situation in April, Ozawa stirred up the LDP, using (Michio) Watanabe and Hata cards. Although his plan to support Watanabe fell through, it left a large crack within the LDP.

This time his political cards are the SDPJ's returning to the coalition and the conservative merger (ho-ho rengo). Moreover, Ozawa's technique to instigate both sides is rapidly being polished.

In the middle of June, Ozawa attached severe conditions to the return of the SDPJ to the coalition. When asked if the prospect was dim, he said: "There is a saying that the wise adapt themselves to changed circumstances. I would like to work with the SDPJ because we reached an historic agreement last August, but it should not be done in an emotional manner," appearing rather negatively to the SDPJ's return to the coalition.

On the other hand, he also openly invited the LDP to work together, saying: "There have been emotional conflicts in our relationship with the LDP, but this should not hinder politics. If you want me to resign, I will; if you want me to apologize, I will. Most importantly, if there is an agreement in policy, we will not care about party affiliation. Let us form a new group."

At the same time, there was a rumor that Ozawa was contacting Yasuhiro Nakasone, former prime minister; Michio Watanabe, former deputy prime minister; Hiroshi Mitsuzuka, chairman of LDP Political Reform Headquarters; Ryutaro Hashimoto, chairman of Policy Research Council; and Koichi Kato, chairman of "Group New Century." As a result of that, a "mood" for a conservative merger rose rapidly.

This discussion of a conservative merger effectively produced anxiety within the SDPJ group, which promoted the return to the ruling coalition. Kubo and his group thought they had to lower "hurdles" for the return to the coalition.

On one hand, Ozawa used the card of contacting unspecified conservative merger partners to restrain the SDPJ, and on the other hand, he attempted in April and June to

feel out the LDP members on the merger issue, giving the impression that his aim to split the LDP had intensified.

Masayoshi Takemura, representative of Sakigake Party, tactfully tried to weave through these crevices. Takemura welcomed the conservative merger move, saying: "I believe the conservative merger concept represents definite ideas and views on the national image and the Constitution. It will speed up political realignment, so this is good. The SDPJ is opposed to this, but I think I can go along with it" (on 15 June at the Japan Press Club).

Takemura figured that if the movement for a conservative merger progressed, the remaining members of the LDP, SDPJ and Sakigake will unite as a "liberal" force, based on issues, such as protecting the Constitution. If things go smoothly, he might even gain political power. The media speculated a few times, printing "Prime Minister Takemura."

However, when it appeared as though the SDPJ would return to the ruling coalition, Takemura threw a curve ball, calling for Murayama to be prime minister. There is no doubt that Takemura, who is now Ozawa's political enemy, has tormented Ozawa to the last minute.

North Korea

Lecture Held in Tokyo on North-U.S. Talks

*SK2708101894 Pyongyang KCNA in English 1003
GMT 27 Aug 94*

[Text] Tokyo, August 25 [date as received] (KNS-KCNA)—A lecture on the situation was given in Tokyo on August 24 for Koreans in Tokyo to hail the agreed statement published at the end of the third round of the DPRK-U.S. talks and broadly propagandize it among the compatriots.

Yi Chin-kyu, first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), in his lecture on the subject "On Very Weighty, Significant and Historical Agreed Statement Which Was Published at the Third Round of DPRK-U.S. Talks" said that the agreed statement gave great strength to the overwhelming majority of the people who want peace and reunification of the Korean peninsula and the stability of Asia and dealt a heavy blow at those obstructing peace and reunification.

"No pressure and threat can work on the people of our Republic who are upholding the wise guidance of respected General Kim Chong-il who is fully carrying forward the noble intention of the great leader Generalissimo Kim Il-song," the lecturer said, and continued:

"There are complicated and delicate matters in the DPRK-U.S. relations and there may be attempts to obstruct a progress in them. But, however viciously the

reactionaries at home and abroad may try, only victory is always in store for us because we are guided by respected General Kim Chong-il."

He called upon the Koreans in Japan to turn out as one in firmly defending the socialist homeland, achieving reunification in the 90s and strengthening and developing the patriotic work of Chongnyon.

Nepalese Party Leaders Hail North-U.S. Talks

SK2908052094 *Pyongyang KCNA in English 0502*
GMT 29 Aug 94

[Text] Pyongyang, August 29 (KCNA)—General Secretary of the Central Committee of the Nepal Communist Party (United Marxism-Leninism) Madhav Kumar Nepal and Chairman of the Nepal Workers and Peasants Party Narayan Man Bijukchhe [spelling of names as received] received the Korean ambassador on August 16 and said the adoption of the agreed statement between the Democratic People's Republic of Korea and the United States is a fruition of the DPRK's consistent efforts and its great victory in diplomatic battle.

Noting that it is important to further strengthen a joint struggle and solidarity on a worldwide scale so that the United States may keep its promise, they declared that they will as ever vigorously conduct the solidarity movement for supporting the Korean people's struggle.

Indian, Tanzanian Support North-U.S. Statement

SK2708152194 *Pyongyang KCNA in English 1504*
GMT 27 Aug 94

[Text] Pyongyang, August 27 (KCNA)—Member of parliament Chitta Bash general secretary of the Central Committee of the All-India Forward Bloc, and Edward Mwesiumo, vice-minister of home affairs of Tanzania, supported the DPRK-U.S. agreed statement.

Chitta Bash in a statement on August 20 said that the DPRK-U.S. talks clearly showed again the transparency and honesty of the nuclear activities of the Democratic People's Republic of Korea, exposed the unreasonableness of the anachronistic policy of the United States and the partiality of the International Atomic Energy Agency and dealt a heavy blow at the South Korean authorities who had raised frantic confrontation and war rackets under the pretext of the "nuclear issue".

Expressing the belief that the DPRK will achieve a greater victory at the future talks under the energetic guidance of the outstanding leader Comrade Kim Chong-il, he stressed that if the United States truly wants to contribute to peace and security of Korea and the rest of the world and nuclear non-proliferation, it must make more sincere efforts for a success of the next talks.

Edward Mwesiumo in a statement on August 16 said that the DPRK's bold declaration of its readiness to freeze

graphite-moderated reactors this time is an expression of its steadfast will for a final solution to the nuclear issue and its political victory.

The success of the talks could be made because the great President Kim Il-song received former U.S. President Jimmy Carter and arranged the DPRK-U.S. talks, he noted. He demanded that the United States definitely assure the provision of light water reactors and compensation for the freezing of graphite-moderated reactors as it promised.

ROK, U.S. Ulchi Focus Lens Exercises Viewed

SK3008042694 *Pyongyang KCNA in English 0416*
GMT 30 Aug 94

["Never Ceasing War Exercises Against North"—KCNA headline]

[Text] Pyongyang, August 30 (KCNA)—The South Korean puppets in collusion with the U.S. imperialist aggressors staged aerial and naval operation exercises against the North within the framework of the criminal "Ulji Focus Lens" joint war exercise, according to military sources.

On August 27, a formation of Pacific-based "KC-130" refueling tankers which flew into the sky above the sea off Kunsan, South Korea, carried out a round-the-clock mid-air refuelling exercise for dozens of fighter bombers, assault planes, reconnaissance planes and observation planes belonging to the U.S. Seventh Airforce and the puppet army in their air war game.

The exercise in the sky above Anmyon and Tokjok islets and Wonju area was aimed at upgrading the capabilities of combined air strikes at the in-depth targets of the northern half of Korea as a part of the adventurous "new operational plan".

On the same day, 70 combatant and landing ships of the puppet army that sailed out to the East and West Sea of South Korea ran wild in operations of advancing to the landing area and attacking from the sea under the cover of fighters of the U.S. Seventh Airforce.

In another development, on the same day, hundreds of armed bandits of the puppet army positioned in nameless hills and ridges adjacent to the demilitarised zone north of Yongsan-ri, and northwest of Kogok-ri, Paju County, fired out 2,500 12.7 mm machinegun bullets and 1,300 automatic rifle bullets, getting on the nerves of the North side.

A touch-and-go situation has been created on the Korean peninsula by the reckless war manoeuvrings of the U.S. imperialists and the South Korean puppets.

Kim Yong-sam Support for 'War' Exercises Viewed

SK3008042794 *Pyongyang KCNA in English 0422*
GMT 30 Aug 94

["Stupid Warmaniac Digging His Own Grave"—KCNA headline]

[Text] Pyongyang, August 30 (KCNA)—The traitor Kim Yong-sam of South Korea recently showed up at the “general review room” of the ongoing “Ulchi Focus Lens” joint military exercise and called an “assessment meeting”, at which he spun out a string of rubbish. This is a topic of press comment here today.

A NODONG SINMUN analyst says:

The “Ulchi Focus Lens” joint military exercise is a very dangerous preliminary war designed to examine the feasibility of a “new operational plan” for a preemptive attack on the northern half of Korea.

At the “assessment meeting” the traitor Kim Yong-sam cried for “full readiness” and “bonds” with the United States, prattling that “no one can predict” the situation on the Korean peninsula, and even blew the bugle of “victory”.

His utterances revealed his sinister intention to ignite another war in the Korean peninsula in league with outside forces and get something from it.

On the day before he incited war fever with outcries for “full readiness” and “victory”, a large-scale ammunition resupply exercise aimed at “timely supply of ammunition in the wartime” was staged at a puppet ground force unit participating in the “Ulchi Focus Lens”.

These days the South Korean rulers often commit military provocations against the North by introducing heavy weapons into the demilitarized zone along the Military Demarcation Line.

It is clear that the Kim Yong-sam clique forsaken and driven into a tight corner at home and abroad intends to unleash a fratricidal war without hesitation as the last resort. This is a stupid act of digging its own grave, though.

Our people and the People’s Army love peace, but never show mercy to those who provoke them.

If the Kim Yong-sam clique dare provoke us, they will pay dearly for it.

A MINJU CHOSON analyst says that the traitor Kim Yong-sam is rendering the situation strained and seeking a war in a bid to save his tottering rule from the serious crisis, but this can not be a way out.

ROK People Rising ‘To Overthrow Kim Yong-sam’

SK3008103394 Pyongyang KCNA in English 1006 GMT 30 Aug 94

[“Nothing Can Be Solved With Traitor Kim Yong-sam Left Alone, NODONG SINMUN”—KCNA headline]

[Text] Pyongyang, August 30 (KCNA)—The South Korean students and people of all strata are rising up in the struggle to overthrow Kim Yong-sam because they have learned from their experience and lesson that

nothing could be solved with the “civilian”-veiled traitor left intact, declares NODONG SINMUN today.

The author of the article says:

In one year and a half since he took office, Kim Yong-sam has advertised “civilian politics” and “policy of reform” as if he were different from the preceding military dictators. In practical action, however, he has resorted to humiliating flunkeyist treachery and fascist dictatorship, reckless war moves and confrontational rackets against the North as his predecessors did.

The Kim Yong-sam group is keeping intact the anti-reunification legal and institutional devices contrived by the successive military dictatorial “regimes”. Worse still, it is cracking down upon the popular movement for peaceful reunification and civilian-level dialogue with the bayonet, openly crying for unification of the systems by force of arms and “unification by prevailing over communism”, contending that “there is no other way but to unify the country under the liberal democratic system”. In order to check the 5th pan-national rally in Seoul around August 15, the fascist hooligan staged a bestial “suppressive operation” with the mobilisation of a police force over 10,000 strong, teargas-launching armored cars and helicopters spraying liquefied teargas.

And it must be noted that at a time when the whole nation and the progressives of the world were expressing deep condolences over the death of the great leader president, Kim Il-song, transcending differences in system and idea, the traitor Kim Yong-sam, far from observing the etiquette as a Korean and a dialogue partner, unhesitatingly trained the gun on the back of the fellow countrymen in the North who were in deepest sorrow, by issuing provocative “emergency alert order” and “a-class emergency order”.

It is as clear as noonday that with such an anti-ethical traitor left alone in South Korea, the South Korean people cannot free themselves from colonial slavery and slavery to fascism nor can reconciliation and unity between the North and the South and peace and the peaceful reunification of the country be achieved. What can be expected of him are confrontation and war between the fellow countrymen.

It is only too natural that the entire Korean nation including the South Korean people are calling for bringing down a sledge hammer on the head of the traitor Kim Yong-sam, saying they will not regard him as a Korean or a human being and will not deal with him.

Only a grave is awaiting for Kim Yong-sam cursed and forsaken by the entire fellow countrymen.

Talk Calls DCRK Formula ‘Most Reasonable’

SK2908135394 Pyongyang Korean Central Broadcasting Network in Korean 0249 GMT 29 Aug 94

[Unattributed talk: “The Most Reasonable and Realistic Formula for Reunification”]

[Text] The great leader Comrade Kim Il-song, the sun of the nation and the lodestar of national reunification, put forward national reunification as the nation's utmost task from the first day the country was divided and wisely led the entire nation to implement the task.

Saying that the greatest gift he can press on the nation is national reunification, the great leader illuminated the future road of national reunification by setting forth the most reasonable lines, formulas, and ways for national reunification, reflecting the people's desire and the demands of the developing reality.

In particular, the respected and beloved leader declared the formula of founding the Democratic Confederal Republic of Koryo [DCRK] at the historic Sixth Congress of the Workers' Party of Korea in October 1980. In doing so, he elucidated a shortcut to realize national reunification without a hitch at an early date.

The formula of founding the Democratic Confederal Republic of Koryo put forth by the great leader is that the North and South should reunify the country by founding a confederal republic on the condition that the North and South recognize and tolerate each other's existing systems and setting up the nation's unified government in which the two sides are represented on an equal footing and under which they exercise regional autonomy with equal rights and duties.

This formula fully indicates the problems rising in the course of founding a unified country, including the principles and ways of the establishment of a confederal state; the character and function of a confederal state; the duties of a unified government and regional governments and their mutual relations; and the policy to be enforced by the confederal state.

The great leader Comrade Kim Il-song has taught: Under our country's situation, in which two different systems exist in the North and South, the national reunification must be realized through the confederation system that is based on one nation, one state, two systems, and two governments on the principle of not absorbing the other side.

In our country, two different ideas and systems coexist in the North and South. In order to realize the national reunification under such conditions, the one side should not absolutize its idea and system. In the event the one side attempts to absolutize its idea and system and force them upon the other side, confrontation and the national calamity will inevitably be brought upon.

Under these circumstances, national reunification should be realized by means of founding a confederal republic on the principle of impartiality of not prevailing over or eating the other side. The formula for reunification through confederacy set forth by the great leader starts from the notion that two different systems and two governments can coexist in one national state.

Of course, the North and the South have differences in ideas and systems. However, there is no change in the national commonness of the North and South as one nation and the North and South are much the same nationally. The heterogeneity regarding the two systems of the North and South counts for nothing when compared with the national homogeneity which has been formed and consolidated through thousands of years.

The differences in two systems existing between the North and South can never become a condition for which our nation has to live divided and become an obstacle that cannot be surmounted in the process of reunifying the fatherland.

Based on national common features, the two systems can indefinitely coexist as one nation and one reunified country. The question of making the different systems of the North and the South into one system can be handed over to the next generation and solved slowly, but establishing one reunified country transcending the differences of ideology and system as one nation should not be delayed any more.

Reunification through the confederal formula based on one nation, one country, two systems, and two governments is a basic principle of the fatherland reunification that suits our country's current situation. Implementing the basic principle is the only and the quickest way for the North and the South to reconcile and unite as one same nation, and peacefully achieve the reunification of the fatherland.

If the fatherland is reunified through the formula of establishing the Democratic Confederal Republic of Koryo, the North and the South will be able to achieve the long-desired national aspiration for reunification without sacrificing each other's interests, and show off to the world the wisdom and pride of a reunified nation. The formula of establishing the Democratic Confederal Republic of Koryo is indeed a fair and practical reunification formula that can be accepted by both the North and the South, and the most reasonable reunification formula that can resolve the reunification issue independently and peacefully by the strength of the unity of the entire nation in conformity with the nation's common demand and opinion. Such a reunification formula can only be presented by the great leader who exerted sleepless and restless efforts and devotion to give the joy of the fatherland reunification to the 70 million countrymen.

With each passing day, the practicalness and fairness of the formula of establishing the Democratic Confederal Republic of Koryo is more strongly grasping the hearts of all the countrymen, who love the country and the nation and long for reunification. The formula is also strongly supported by the world's peace-loving people. All the people in the North, South, and overseas are filled with the same determination to firmly unite the entire nation as one under the banner of the three principles of reunification and the 10-point program of the great unity

of the whole nation presented by the great leader so that the fatherland reunification can be achieved without fail through the confederal formula as soon as possible.

The formula of establishing the Democratic Confederal Republic of Koryo is completely in accordance with our nation's aspiration. It resolves the reunification issue quickly and smoothly, and proves to be the common reunification formula of the nation by which the consensus of the entire nation is possible in every way. Under the banner of the three principles of the fatherland reunification—*independence, peaceful reunification, and great national unity*—and the 10-point program of the great unity of the whole nation presented by the great leader, the 70 million countrymen will unite as one to smash [chitpusigo] the antireunification maneuvers of the splittist forces at home and abroad, and achieve the fatherland reunification by the confederal formula without fail under the wise leadership of dear Comrade Kim Chong-il.

Sweden Urged To Oppose South's Security Law

SK2508103994 *Pyongyang KCNA in English 1009 GMT 25 Aug 94*

[Text] Pyongyang, August 25 (KCNA)—The Sweden-Korea Friendship Association demanded that the government support the DPRK-U.S. agreed statement which was published in Geneva on August 12 and oppose the "National Security Law", the fascist law of South Korea.

The association in a statement August 16 said that the prospect for reunification of Korea and denuclearisation is brighter than ever before with the historical agreement between the Democratic People's Republic of Korea and the United States.

It said that the Swedish Government should warmly support the DPRK-U.S. agreed statement in Geneva through its active external policy.

The association in a letter to the foreign minister that day demanded that he take a clear stand toward democracy and human rights problem in South Korea and oppose the "National Security Law" of South Korea in explicit terms as the U.S. secretary of state did.

The statement and letter of the association were sent to the government, the Foreign Ministry, the news agency and newspapers of Sweden on August 17.

Kim Yong-sam's Oppression of Chusapa Condemned

SK3008045094 *Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 29 Aug 94*

[NODONG SINMUN 29 August commentary: "Intolerable Act of Ideological Suppression"]

[Text] The Kim Yong-sam group is all the more viciously conducting the oppressive commotion [tanap sodong]

against those who follow the *chuche* idea, creating a fascist gale of new security-oriented rule [singongan tongchiui pasyo kwangpungul irukimyo].

It has already been learned that the Kim Yong-sam group has conducted a wholesale arrest of progressive youth and students, including the chairman of the Korea Federation of University Student Councils, denouncing students who follow the *chuche* idea, *chusapa*, as internal enemies who threaten the liberal and democratic system.

Under the ruse of eradication of *chusapa*, they [South Korean rulers] have antennas for oppression on edge [tanabui choksurul ppochigo itta] to ruin the entire national, democratic movement forces by mobilizing all oppressive bodies—such as the Agency for National Security Planning [NSP], the prosecution, and the police—and by invoking the National Security Law.

In recent days the fascist elements have arrested members of the Korea Foreign Language University association for studying the *chuche* idea and have conducted the arrogance of putting some 40 out of 2,400 youth, students, and patriotic people arrested in connection with the pannational rally behind bars.

South Korea has turned into a fascist whirlpool, where people cannot live without anxiety even for a moment, because of the Kim Yong-sam group's worthless oppression. The Kim Yong-sam group's violent oppressive commotion against the followers of the *chuche* idea is an intolerable illegal, felonious, and fascist rash act of stabbing an idea [sasange kalchirhanun yongnap motal pulbop pibobui pasyojok mangdong], and is a vicious challenge to patriotism and justness.

People have the freedom and right to choose what idea to follow. The *chuche* idea that the South Korean people are fervently following, studying, and distributing is a guiding idea [chido sasang] of our times that elucidates to people the road to human liberalization and national liberalization. It is a worldwide stream to study the *chuche* idea and to try to improve one's lot under the banner of the *chuche* idea.

Even capitalist countries, such as the United States and Japan, allow the study and distribution of the *chuche* idea. The fact that the *chuche* idea—which is authorized and followed by the world, and whose study and distribution is allowed by all countries in the world—and its followers are regarded as heretics and as the subject of suppression only in South Korea proves eloquently that South Korea is indeed a mess of ignorance [mujiui nanjangpan] and a land ridden by fascism [pasyoui nanmujang]. It also shows [kobarhago itta] that traitor Kim Yong-sam is a fascist scoundrel [pasyo muroehan] more vicious than any previous ruler.

Why is the Kim Yong-sam group showing insane fascist symptoms of anticommunist hysteria [pangong histerijogin psyo kwangjung] against those who follow the *chuche* idea and patriotic, reunification, and democratic

forces, being so hostile to them? This is because the Kim Yong-sam group is foreseeing its piteous end through the South Korean people who firmly trust and follow the immortal *chuche* idea.

In conclusion, the Kim Yong-sam group's cruel oppressive commotion against the followers of the *chuche* idea is a part of the anti-North, confrontation commotion and a sign of downfall shown by those who are pawing the air to get out of a serious ruling crisis [*simgakhan tongchi wigie ppajyo howijok korinun chadurui malgi chungsang*].

Kim Yong-sam blared for unity and reunification after hanging out a signboard of a civilian government. In his recent speech on National Liberation Day, he also talked about reunification, the door to dialogue, and the like. However, this is nothing but nice talk [*malchirye*] aimed at covering the divisionist nature of the antireunification regime.

How on earth can those who are hostile to us and who are afraid of South Korean youth and students following the *chuche* idea hold dialogue with us and do anything for reunification? The civilian rulers are talking about a liberal and democratic system, but this is also fake [*katcha*]. South Korea has never had a system granting freedom and democracy to people, nor does it at present.

To express condolences over a fellow countryman's death is denounced and suppressed as an act of benefiting the enemy; to study an advanced idea, a basic human right, is regarded as a crime; and people engaged in these things are taken into prison, being denounced as enemies. This really only shows that South Korea is a peerless, closed dictatorial society and a barren land without democracy and people's rights.

The Kim Yong-sam group has brought about the new security-oriented political situation, an unprecedented violent snarl of fascism [*yuryeopsi poakhan pasyo nan-jangpan*], blaring as if its liberal and democratic system was being threatened by the dissemination of the *chuche* idea. This is indeed aimed at maintaining its regime faced with a crisis of downfall by ruining [*chotohwa*] the national, democratic movement forces.

The truth of an awkward scenario [*piyorhan moryakkuk*] has recently been revealed in South Korea. According to the scenario, traitor Kim Yong-sam and the NSP asked Pak Hong, the government patronized president of Sogang University, to make the statement on so-called *chusapa*, giving him 500 million won. Taking advantage of his statement, they have been engaged in security-oriented fascist rule even more viciously.

No matter how wild Kim Yong-sam is running, however, he can neither prevent the dissemination of the *chuche* idea, nor save the declining [*imi kiurojin*] civilian regime. All that awaits Kim Yong-sam is a trial and punishment by history and people.

South's Handling of Labor Disputes Denounced

SK2508104094 Pyongyang KCNA in English 1012
GMT 25 Aug 94

[Text] Pyongyang, August 25 (KCNA)—Yi Yong-tok, puppet prime minister of South Korea, at a "cabinet meeting" on August 23 let loose venomous outpourings, declaring that "illegal labour-management disputes can never be allowed" but "will be sternly dealt with by law", according to a radio report from Seoul.

This is another repressive offensive of the Kim Yong-sam group to prohibit all the struggles of the South Korean workers for democratic and vital rights and put them down by invoking the "government power" under the "new security-oriented rule" that has run into extremity.

It is only too natural that the South Korean workers turn out in the struggle for vital rights including wage hike in order to get rid of the worst life no better than death on hunger wages which cannot keep them alive. This can by no means become a target of suppression.

But trying to incriminate even the elementary demand of the workers for existence on the charge of "illegality" and crack down on it is a never-to-be-condoned fascist arbitrariness which can be committed only by the Kim Yong-sam group totally estranged from the people.

The Kim Yong-sam fascist clique must give up the suppression at once, mindful that the harsher their repression, the tighter the noose around their neck.

SKNDF Issues Open Letter on Anniversary

SK2808085194 Pyongyang KCNA in English 0819
GMT 28 Aug 94

[Text] Pyongyang, August 28 (KCNA)—The Central Committee of the South Korean National Democratic Front [SKNDF] (Hanminjon) issued an open letter to all the people in South Korea on August 25 on the 25th anniversary of the founding of the front (August 25, 1969), the Seoul-based radio Voice of National Salvation reported.

The letter noted that over the past 25 years, Hanminjon and the patriotic people of all walks of life have brilliantly decorated the history of the people's movement, covering a bloody path in the rigorous struggle against the colonial fascist forces, but the South Korean people's cause of independence, democracy and reunification has not yet been accomplished and it is faced with a desperate challenge of the colonial fascist forces.

The immediate vital task of the people's movement in South Korea is to establish an independent democratic government, said the letter, calling on the people of all walks of life to valiantly rise in the struggle for the overthrow of the "civilian" fascist regime of Kim Yong-sam, the abolition of the "National Security Law," the

dissolution of all fascist repressive machines and the unconditional release of all the illegally arrested political prisoners.

The letter elaborated on the immediate tasks to invigorate the anti-U.S. struggle for the withdrawal of the U.S. troops and nuclear weapons from South Korea, frustration of the rice market opening pressure of the U.S. and the increase of the burden share for the upkeep of the U.S. forces in South Korea, an end to the "South Korea-U.S. cooperation system" and the "South Korea-U.S. joint military exercises" and replacement of the Armistice Agreement with a peace agreement.

The letter further said:

"Let us make 1995 a year of national reunification"—this is the will and decision of the Korean nation who earnestly wish the reunification of the country.

All the compatriots in this land must frustrate the authorities' anti-North confrontation policy and speed up the nationwide grand march for reunification through a confederation, closely united under the banner of the 10-point programme of the great unity of the whole nation.

Since the Kim Yong-sam group is running riot to smash our people's movement for a change by splitting it, all the patriotic democratic forces including the organisations of workers, farmers, students and dissidents must unite and powerfully wage a joint struggle.

Hanminjon, together with the people of all walks of life, will always cherish the memory of the great leader President Kim Il-song in our hearts, uphold the respected leader Comrade Kim Chong-il at the head of the nation and build a new society of independence without subjugation, a new morning of democracy without fascism and a new history of reunification without division through a vigorous noble war of national liberation.

Releases Article on Chuche Idea

*SK2908103394 Pyongyang KCNA in English 1007
GMT 29 Aug 94*

[Text] Pyongyang, August 29 (KCNA)—Vice-chairman of the C.C. [Central Committee] of the South Korean National Democratic Front [SKNDF] (Hanminjon) Kim Kwang-chon released an article on the 25th founding anniversary of Hanminjon, according to the Seoul-based radio Voice of National Salvation.

The article said the authority and might of Hanminjon as a patriotic vanguard of the South Korean people lie in that it is guided by the ever-victorious great chuche idea and stands on the socio-class basis of the people of broad segments aspiring after independence, democracy and reunification.

Hanminjon has pushed ahead with the change movement of South Korea in the past 25 years and left a

brilliant mark on the road of anti-U.S. and anti-dictatorial national salvation, the article pointed out, and continued:

"It is a great historic turning-point that the anti-U.S. struggle of the people has not been limited only to condemning the U.S. imperialists but developed into a purposeful and conscious struggle for totally rejecting the U.S. military occupation of South Korea and colonial rule and aspiring after national liberation and national independence.

"Our Hanminjon will speed up the anti-U.S. and anti-dictatorial national salvation march for independence, democracy and reunification, plough the colonial fascist land on any account, establish an independent and democratic new government on the soil of chuche and realize reunification in the '90s by all means under the banner of the 10-point programme of the great unity of the whole nation, a great charter of national reunification."

SKNDF Japan Mission on Accelerating Liberation

*SK2808083194 Pyongyang KCNA in English 0809
GMT 28 Aug 94*

[Text] Tokyo, August 26 [date as received] (KNS-KCNA)—"We will accelerate the historical cause of national liberation, upholding the intention of the great leader Comrade Kim Il-song in his lifetime," declared the Japan mission of the South Korean National Democratic Front [SKNDF] (Hanminjon) in a statement on August 25.

In the statement issued on the 25th anniversary of the founding of Hanminjon, it said that the history of the past 25 years has proved that the program and policy of Hanminjon are just and its vanguard role is very great.

"In view of the complicated internal and external situation today," it stated, "a true road of independence and democracy in the South Korean society and a short cut to independent and peaceful reunification lie in further strengthening Hanminjon, the steel-like vanguard organisation of chuche, organisationally and ideologically. We will make utmost efforts to temper Hanminjon and the patriotic people of all segments organisationally and ideologically."

Japan's Nuclear Armament Reaches 'Danger Line'

*SK3008104594 Pyongyang KCNA in English 1034
GMT 30 Aug 94*

["Japan's Nuclear Armament on Danger Line"—KCNA headline]

[Text] Pyongyang, August 30 (KCNA)—Japan's nuclear armament is not imaginary but actual and since it has reached the danger line it must not be overlooked nor allowed, says NODONG SINMUN today.

The author of the article cites materials indicating that the nuclear armament of Japan has entered a full-scale stage, assuming dangerous dimensions in recent years.

He says:

As far back as in 1969 Japan signed a secret nuclear accord with the United States and allowed by law the introduction of nuclear arms into her territory and their passage through it.

Now some Japanese politicians are calling for the manufacture of nuclear arms, describing them as a powerful card in the external policy.

Today Japan is fully prepared and has all potentials for her nuclear armament.

She plans to stockpile 120 tons of plutonium by the year 2010. It is said that 40 tons are enough for a peaceful purpose. Her production and possession of more plutonium than it needs are for the manufacture of nuclear weapons.

She has facilities and technology for their production including the destructive device of nuclear bombs and a nuclear-launching system and is developing even nuclear warhead delivery means.

Japan produced a cruise missile which can be tipped with a nuclear warhead in 1985. And recently she has developed a long-range delivery means that can be used as an intercontinental ballistic missile. More than 150 companies now serve for the manufacture of nuclear weapons.

Concluding that the cause of their defeat in the past was "weakness", the Japanese reactionaries intend to work off their grudges by arming themselves with nuclear weapons.

Official figures blare that Japan has the capacity of possessing nuclear arms and the use of nuclear arms does not mean the violation of international law.

Japan's nuclear armament is a matter of time. If the Japanese militarists are armed with nuclear weapons, Asia and the rest of the world cannot evade a nuclear holocaust. A disaster must be prevented.

Chongnyon Students Meet With Yi In-mo 26 Aug

*SK2708103494 Pyongyang KCNA in English 1012
GMT 27 Aug 94*

[Text] Pyongyang, August 27 (KCNA)—Home-visiting groups of Korean students in Japan and students of Korean University under the General Association of Korean Residents in Japan (Chongnyon) and the soccer team of the university staying in the socialist homeland on August 26 met Yi In-mo, a former war correspondent of the Korean People's Army who is known as the incarnation of faith and will.

Yi In-mo said that the Korean people are turning their heart-rending sorrow at the loss of the respected leader Comrade Kim Il-song, the sun and father of the nation, into strength and courage because they are guided by General Kim Chong-il, a great leader.

Yi In-mo asked the visitors to fight valiantly abroad, bearing deep in mind the firm faith that they would certainly win because they are led by dear General Kim Chong-il.

The visitors said they would believe in dear General Kim Chong-il as in heaven and follow him like Yi In-mo, the incarnation of faith and will, and put their body and soul into the struggle for the prosperity and development of the socialist homeland and for national reunification.

Special Government Envoy Sent to PRC

*SK3008111694 Pyongyang KCNA in English 1050
GMT 30 Aug 94*

[Text] Pyongyang, August 30 (KCNA)—Vice-Minister of Foreign Affairs Song Ho-kyong left here today for a visit to China as a special envoy of the DPRK Government.

He was seen off at the airport by Vice-Minister of Foreign Affairs Cho Kyu-il and charge d'affaires ad interim of the Chinese Embassy in Pyongyang Ning Fukui.

North, Cuban Foreign Ministers Exchange Messages

*SK2908104894 Pyongyang KCNA in English 1020
GMT 29 Aug 94*

[Text] Pyongyang, August 29 (KCNA)—Foreign Minister Kim Yong-nam and his Cuban counterpart Roberto Robaina Gonzalez exchanged messages of greetings on the 34th anniversary of the establishment of diplomatic relations between the Democratic People's Republic of Korea and the Republic of Cuba.

Noting that the friendly and cooperative relations and bonds of solidarity between the two countries have been steadily consolidated and developed over the past 34 years on the basis of the special relations of friendship between the great leader Comrade Kim Il-song and respected Comrade Fidel Castro Ruz, Kim Yong-nam reaffirmed invariable solidarity with the fraternal Cuban people in their cause of defending the sovereignty of the country and socialist gains.

Roberto Robaina Gonzalez in his message reaffirmed the solidarity of the Cuban Government and people with the Korean people in the struggle for the reunification of the country and expressed the belief that the relations of fraternal friendship between the two countries would gain in scope and strength day by day.

British University Official Praises DPRK*SK2908101794 Pyongyang KCNA in English 1002
GMT 29 Aug 94*

[Text] Pyongyang, August 29 (KCNA)—Dr. Heisel Smith at the London Institute of International Affairs in Kent University of Great Britain was interviewed by a KCNA reporter here.

In the interview he said that thanks to the *chuche* idea founded by the great leader President Kim Il-song, Korea could defeat the Japanese and U.S. imperialists and has developed into a powerful country with the self-sufficient national economy.

He went on:

Korea has changed beyond recognition as compared with 40 years ago. What struck me with admiration is that Pyongyang, which was reduced to ashes after the war, has turned into a magnificent and beautiful grand city, a city very developed in the economy.

Korea is a country that made a big stride forward in education.

Everybody is enjoying the right to learn to his heart's content under the well-organized educational system.

The women are sending their children to nurseries and kindergartens and feeling the joy of a genuine life at their working places with socio-political rights.

The *chuche* idea is, indeed, a genuine idea which makes everything serve the people.

WPK Secretary Meets With Italian Visitor*SK2908101294 Pyongyang KCNA in English 0958
GMT 29 Aug 94*

[Text] Pyongyang, August 29 (KCNA)—Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea [WPK] and chairman of the Korean Committee for Asia-Pacific Peace, Sunday met and had a friendly talk with Giancarlo Elia Valori, secretary general of the Italian Institute of International Relations.

The secretary general said that the dear leader Comrade Kim Chong-il is uniting the whole party, the whole country, the entire people and all the Army in one mind to victoriously accomplish the revolutionary cause of *chuche*, upholding the intention of the great leader Comrade Kim Il-song in his lifetime.

Italian Socialism Delegation Meets Yi In-mo*SK3008043194 Pyongyang KCNA in English 0426
GMT 30 Aug 94*

[Text] Pyongyang, August 30 (KCNA)—The delegation of the Movement for Peace and Socialism of Italy headed by its General Secretary Roberto Gabriele on a visit to Korea met Yi In-mo, a former war correspondent

of the Korean People's Army who is known as the incarnation of faith and will, in Pyongyang on August 29.

Yi In-mo told the visitors that the Korean people turned their deep sorrow into strength and courage today, determined to accomplish the revolutionary cause of *chuche* started by the great leader President Kim Il-song under the guidance of the dear leader Comrade Kim Chong-il. "National reunification and the prosperity of the country are definite because there is the dear leader, the mental pillar of all the Korean people," Yi In-mo stressed.

Roberto Gabriele noted that Yi In-mo could resolutely fight in prison, not losing his faith, because he had the great leader President Kim Il-song and the sagacious leader Comrade Kim Chong-il as the fathers of the nation. He said Yi In-mo's strong will and firm faith as a revolutionary gave a great inspiring strength to the communists.

The Korean people are pushing ahead with the revolution and construction without losing courage because they are guided by the dear leader Comrade Kim Chong-il, Roberto Gabriele said, and stressed:

"Only victory and glory are in store for the Korean people who have a great man as their leader."

Greetings Message Sent to Slovak President*SK2808085394 Pyongyang KCNA in English 0821
GMT 28 Aug 94*

[Text] Pyongyang, August 28 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea Friday sent a message of greetings to Michal Kovac, president of the Slovak Republic, on the national day of the country.

The message wished the president and the Slovak people success in their work for the stability and prosperity of the country and expressed the belief that the friendly relations between the two peoples would develop favorably.

Indian Communist Party Leader Meets North Envoy*SK2908013494 Pyongyang Korean Central
Broadcasting Network in Korean 1302 GMT 26 Aug 94*

[Text] On 13 August (Indrajit Gupta), general secretary of the Indian Communist Party National Council, received DPRK Ambassador to India Cha Pong-chu. During the meeting, the general secretary stated that he expects the dear leader Comrade Kim Chong-il to achieve the great leader Comrade Kim Il-song's revolutionary cause at the most lofty level. He also said he wishes the dear leader Comrade Kim Chong-il success in his all works.

Belgian Visitor Interview on Impressions of North*SK2708110994 Pyongyang KCNA in English 1024
GMT 27 Aug 94*

[Text] Pyongyang, August 27 (KCNA)—Marie Godeleeve Lemmens, general secretary of the Belgian

Committee for Solidarity with Korea, in an interview with the KCNA here said that the Korean people are the happiest people in the world.

Giving her impressions of Korea, she said:

"The Korean people have become the masters of the state and society and all of them fully enjoy a happy life.

"The words of free education and free medical care cannot be heard in other countries. I was deeply impressed when I visited the Pyongyang Maternity Hospital and the Mangyongdae School Children's Palace. The children of Korea are, indeed, the 'king' of the country. I became convinced of a bright future of Korea, seeing school children developing their talents to the full, dancing and singing in happiness.

"Such happy life as enjoyed by the Korean people is unthinkable even in dreams.

"Everything I have seen during my stay are beyond human imagination".

"The Korean people owe it to the wise leadership of the great leader Comrade Kim Il-song that they have become a dignified and proud people," the general secretary said, and added: "He always gave top priority to the interests of the people and shaped all policies suited to the desire and demand of the people."

Foreign Minister Meets With New Iranian Envoy
SK2908152194 Pyongyang KCNA in English 1500
GMT 29 Aug 94

[Text] Pyongyang, August 29 (KCNA)—Kim Yong-nam, vice-premier and minister of foreign affairs, today met and conversed with Seyyed Morteza Mirheydari, newly-appointed Iranian ambassador to Korea, who paid a courtesy call on him.

'Arafat Supports 10-Point Reunification Program
SK2908104394 Pyongyang KCNA in English 1016
GMT 29 Aug 94

[Text] Pyongyang August 29 (KCNA)—Yasir 'Arafat, president of the state of Palestine, signed the signature paper on August 25 supporting "10-point programme of the great unity of the whole nation for the reunification of the country" put forward by the great leader President Kim Il-song.

The signature paper says:

"We express support to the Korean people's struggle to achieve the country's reunification by confederal formula in accordance with '10-point programme of the great unity of the whole nation for the reunification of the country' put forward by the great leader His Excellency President Kim Il-song".

Vice President Meets With Ugandan Delegates
SK2908213494 Pyongyang KCNA in English 1503
GMT 29 Aug 94

[Text] Pyongyang, August 29 (KCNA)—Vice President Yi Chong-ok met and had a friendly talk with a Ugandan Government economic delegation led by Anthony Logulu Butele, minister of state of the presidential office, at the Mansudae Assembly Hall today.

Expressing, on behalf of the delegation, deepest condolences over the death of the great leader His Excellency Kim Il-song, the head of the delegation said the Ugandan people were sharing sorrow with the Korean people at the loss of the respected leader President Kim Il-song, the great sun of the nation.

"We believe," he said, "that the Democratic People's Republic of Korea and the Korean people guided by the dear leader His Excellency Kim Chong-il will effect new innovations in the building of socialism by turning sorrow into strength and courage so as to bring into practice the behests of the great leader His Excellency Kim Il-song."

Foreign Party Leaders Favor Korean Reunification
SK2508214194 Pyongyang KCNA in English 1501
GMT 25 Aug 94

[Text] Pyongyang, August 25 (KCNA)—Party leaders of Algeria and Guyana expressed support for the Korean people in the cause of national reunification.

Abdel Hamid Mehri, general secretary of the Central Committee of the Algerian National Liberation Front Party, told the DPRK ambassador to his country on August 13: "We believe the DPRK will remove all the obstacles in the way of reunification and certainly achieve national reunification."

"We will always support the Korean people in the struggle to reunify their country," he added.

Nanda Gopaulgn leader of the Labour Party of Guyana, expressed full support for the Korean people in the efforts for the independent and peaceful reunification of the country and world peace, when he received the DPRK ambassador to his country on August 12.

He hoped that the Korean people would exalt the achievements of the respected leader President Kim Il-song under the leadership of dear Comrade Kim Chong-il.

Campaign for Reunification Conducted Abroad
SK3008114194 Pyongyang KCNA in English 1021
GMT 30 Aug 94

[Text] Pyongyang, August 30 (KCNA)—Signature campaign for supporting "10-point programme of the great unity of the whole nation for the reunification of the

country" advanced by the great leader President Kim Il-song was conducted in different countries.

The signature paper was signed in Italy by general secretary of the C.C. [Central Committee], the Movement for Peace and Socialism Roberto Gabriele, secretary general of the Italian Committee for the Reunification and Peace of Korea Paolo Pioppi and the Director and the senior editor of Radio Chita Aperta of Italy on August 17 on behalf of members of their organizations.

Executive Secretary of the Yemen Council for Peace and Solidarity Abdul Basit Ahmad, signed the signature paper on August 22 on behalf of the council members and the governor of the East Mashonaland Province, Zimbabwe on August 23 on behalf of 1030,000 people.

Signing the signature paper, general secretary of the C.C., the Movement for Peace and Socialism of Italy expressed the belief that Korea's reunification would be realized in line with the 10-point programme of the great unity of the whole nation under the wise leadership of dear Comrade Kim Chong-il and evinced his determination to invigorate the solidarity movement for supporting the programme in the future.

Secretary Hwang Chang-yop Meets Foreign Guests

SK2908213694 Pyongyang KCNA in English 1505 GMT 29 Aug 94

[Text] Pyongyang, August 29 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, on August 29 met and conversed in a friendly atmosphere with the delegation of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea headed by its General Secretary Hiroshi Wakabayashi, M.K. Pandey, secretary general of the centre of the Trade Union of India, and Guy Dupre, secretary general of the International Liaison Committee for Reunification [word indistinct] in Korea.

Kim Chong-il's Works Group Created in Nigeria

SK2908103794 Pyongyang KCNA in English 1014 GMT 29 Aug 94

[Text] Pyongyang, August 29 (KCNA)—The inaugural meeting of the Nigerian National Committee for the Study of Kim Chong-il's Works was held recently in Onitsha city, Anambra state.

The participants observed a moment's silence in memory of the great leader President Kim Il-song.

Chude Akus was elected chairman of the committee.

Speaking at the meeting, he said only when one deeply studies and arms himself with the *chuche* idea which was founded by the great leader Comrade Kim Il-song and is being developed in depth by the dear leader Comrade

Kim Chong-il can he shape his destiny independently and creatively and discharge his mission and role as a maker of history.

He said Comrade Kim Chong-il is deeply respected as a great leader of the world, an outstanding thinker and theoretician and the father of the people for the great contribution he made to the accomplishment of the human cause of independence by developing the *chuche* idea in depth.

Stating that a Kim Chong-il library would be opened at the committee to activate the study and dissemination of the famous works of the great leader and the dear leader and conduct an effective propaganda about Korea, he said the study groups would be expanded in all the states and areas of the country.

The meeting adopted a letter to the dear leader Comrade Kim Chong-il.

Kim Chong-il Leadership of Youth Stressed

SK2808122894 Pyongyang Korean Central Broadcasting Network in Korean 0200 GMT 26 Aug 94

["Dialogue" between (name indistinct), League of Socialist Working Youth of Korea, LSWYK, functionary, and station reporter Kim Ki-uk: "To Glorify the Valuable Title of Youth Vanguard"; place and date not given—recorded]

[Text] [Kim Ki-uk] I think our country's youth movement has entered a golden age in its development under the dear leader Comrade Kim Chong-il's wise leadership and good care.

[LSWYK functionary] I agree with you. There are many countries, and each country has many young people. However, for firmness of the revolutionary view of world, soundness, organizational sense, good discipline, and active contribution to implementing the socialist cause, our youth, youth vanguards of the party, who are vigorously advancing, shouldering the future of the fatherland and the revolution, are the best new generation in the world.

[Kim] Certainly they are. I would like to have a dialogue with you on the dear comrade leader's wise leadership in strengthening and developing our youth movement.

[LSWYK functionary] Yes. The dear comrade leader brilliantly elucidated the nature of the youth movement as a historic movement to inherit and complete the revolutionary cause pioneered by the leader and has made great efforts to strengthen and develop the youth movement, considering young people as reliable successors of the *chuche* revolutionary cause and as youth vanguards of the Workers' Party of Korea [WPK].

[Kim] That is right.

[LSWYK functionary] Among all efforts made by the dear comrade leader for the youth movement, we are

particularly deeply looking back into his immortal leadership achievements accumulated in the course of raising our young people as reliable youth vanguards of the party. There is an episode as follows:

In the course of meticulously guiding the preparatory work for the seventh congress of the LSWYK, the dear leader Comrade Kim Chong-il received documents with slogans created by youth functionaries. After studying the slogans one by one and deeply meditating for a while, the dear comrade leader personally wrote the slogans "Let us become reliable youth vanguards of the WPK" and "Let us become youth vanguards to be boundlessly loyal to the Korean revolutionary cause," with a facile pen.

[Kim] I think the valuable title of reliable youth vanguards of the party, which the dear comrade leader conferred on our young people, is the most honorable title that is peerless in the world and cannot be exchanged for anything else.

[LSWYK functionary] So do I. Recalling that he presented the slogan, "Let us become reliable youth vanguards of the WPK," one day in November 1988, the dear comrade leader made meaningful remarks for functionaries. The dear comrade leader said the young people might not know well the value of the youth vanguard title he conferred on the LSWYK at the seventh congress of the LSWYK. He stressed: The youth vanguard title is similar to the guard [kyongwi] title of the period of the anti-Japanese revolutionary struggle. The guard commanders were party members and the guard members were all members of the Young Communist League. The young people should bear the youth vanguard title similar to the guard title of the anti-Japanese revolutionary struggle period as their great (?mission) and pride.

The dear comrade leader continued to say warmly: The country's future belongs to the young people. We should concentrate efforts on indoctrinating young people, actively putting the LSWYK in the front, and should make all the young people prepare themselves stoutly to be reliable youth vanguards of our party.

[Kim] I think, with this belief, the dear comrade leader personally wrote youth vanguard on (?a portrait badge) with the esteemed image of the great leader and instructed young people to wear it.

[LSWYK functionary] I think so. From his prescription of the purpose of the eighth LSWYK congress while giving detailed guidance for the preparatory work of the congress, we can know how much the dear comrade leader trusts and gives prominence to our young people. On 16 February, when he should have taken rest even for a day amid all the people's congratulations, the dear comrade leader taught responsible functionaries of the LSWYK: By successfully holding this congress, we should even more firmly unite young people around the party so that they can become a rank of single-hearted unity and loyalty.

[Kim] Thanks to the dear comrade leader's wise leadership and great trust and love, I think, many model organizations of youth vanguards could be formed and are giving a stronger impetus to our youth movement.

[LSWYK functionary] You are right. By looking at our young people's proud faces, we feel their will to death-defyingly protect and defend the party and the leader, with loyalty and filial obedience to the great leader and the dear comrade leader. We also deeply feel our young fighters' ideological and spiritual trait and patriotism of unhesitating in going into water and fire to follow the party's and the leader's intention and desire.

All of our young men and women are fully displaying the wisdom and passion of youth to advance the party's idea, upholding the slogan of faith, "We will do what the party decides."

All monumental creations in the capital city, Pyongyang, and all over the country that glorify the Workers Party era bear the precious sweat of our young vanguards who make the loyalty of the party and the leader a faith, conscience, a moral, and a routine.

[Kim] It is our party and people's great happiness and pride to have the 5 million young people who are the heroic new generation and reliable young vanguards of the WPK. Trust and love is to be followed by loyalty and filial obedience. I think the young people's resolution is great.

[LSWYK functionary] Yes. All our functionaries of the LSWYK, working young people, and students are filled with firm faith and resolution to completely implement militant tasks presented at the eighth LSWYK congress. In particular, by deeply studying the great leader's letter to the eighth LSWYK congress, "Young people are urged to uphold the party's leadership and brilliantly consummate the chuche revolutionary cause," and making it our bones and flesh, we will thoroughly embody it in real life and will keep to the end the oath of loyalty we sternly made before the dear leader Comrade Kim Chong-il upheld at the rostrum of the congress.

In the letter, "Young people are urged to uphold the party's leadership and brilliantly consummate the chuche revolutionary cause," the great leader Comrade Kim Il-song taught that young people should faithfully uphold the party's leadership, firmly united in one around Comrade Kim Chong-il, like the first generation of our revolution who had pioneered the honorable road of the Korean revolution struggled while being firmly united around the leader [yongdoj].

As imperialist reactionaries [chegukchui pandongdul] and betrayers of socialism [sahoejuui paesinjadul] are all the more viciously engaged in antisocialist maneuvers, we are filled with firm resolution to become the guard detachment and death-defying corps that safeguard and defend the dear comrade leader and to become 5 million

guns and bombs and 5 million (?Yi Su-poks) that death-defyingly protect the party and the socialist fatherland.

[Kim] I think you are indeed right. The young people are the future. All our LSWYK members and young people should deeply bear the loyalty to the party and the leader as a revolutionary faith and a revolutionary sense of duty and should glorify further their honor as the guard detachment and death-defying corps and as youth vanguards in the struggle to consummate the *chuche* revolutionary cause, the cause of popular masses-oriented socialism of our own style. Thank you for your good speech.

Kim Chong-il Sends Thanks to Various People

SK2808081094 Pyongyang KCNA in English 0800 GMT 28 Aug 94

[Text] Pyongyang, August 28 (KCNA)—Comrade Kim Chong-il, the great leader of our party and people and supreme commander of the Korean People's Army, sent thanks to the Orang and Yonsa County committees of the party in North Hamgyong Province, the Munsu housewives' production cooperative in Taedonggang District, Pyongyang, and other units, and farmer Choe Yong-nam and his wife Pak Yong-sun in Obong-ri, Kusong City, North Pyongan Province, and other working people for their full display of the traditional traits of unity between the Army and the people.

By actively assisting the People's Army, they gave full play to the traditional traits of army-people unity and contributed to tightening the blood ties between the people and People's Army soldiers.

Foreign Papers Praise Kim Chong-il's Leadership

SK2908045594 Pyongyang KCNA in English 0446 GMT 29 Aug 94

[Text] Pyongyang, August 29 (KCNA)—Foreign newspapers carried articles in praise of the greatness of the dear leader Comrade Kim Chong-il.

The Guinean paper HOROYA printed a portrait of Comrade Kim Chong-il and edited an article titled "Inheritance of Cause of President Kim Il-song".

The article said:

The question of carrying forward the cause of President Kim Il-song was creditably settled in the Democratic People's Republic of Korea.

Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, is now at the head of Korea.

The Korean people are determined to achieve the development and reunification of the country and invigorate friendship with the people all over the world, united closer around the Central Committee of the Workers'

Party of Korea headed by his excellency leader Kim Chong-il as President Kim Il-song desired.

The Ugandan paper THE DAILY TOPIC in an article "Leader of Korea" said:

His excellency Kim Chong-il of the Democratic People's Republic of Korea is the outstanding leader of the Korean people who is further developing the cause of socialism started by President Kim Il-song, taking upon himself the destiny of the nation.

He is wisely leading the entire Korean people to the struggle to realize the independent and peaceful reunification of the country.

His excellency Kim Chong-il is an outstanding thinker, theoretician, politician and military strategist intensely faithful to the cause of socialism and the people, and the genuine leader of the people who is possessed of noble virtues.

The Bulgarian paper TRIBUNA, the Egyptian paper ARAB YOUTH, the Tanzanian paper DAILY NEWS and the Zairean paper DEMAIN LE CONGO, too, carried articles introducing the greatness of Comrade Kim Chong-il.

Kim Chong-il Sends Thanks to Unsan County

SK3008041794 Pyongyang KCNA in English 0409 GMT 30 Aug 94

[Text] Pyongyang, August 30 (KCNA)—Dear Comrade Kim Chong-il, the great leader of our party and people, sent thanks to the officials of the Unsan County party committee and the Unsan County Administrative and Economic Committee in North Pyongan Province for their active contribution to the successful construction of the "Unjong Health Centre" of the Changgwang Health Complex style.

The officials of the county mobilised the party members and working people in the county to construct a two-story building with a floor space of 2,400 square metres in a short span of time, which houses wading pools, saunas, physical culture rooms, soft drink bars and other modern welfare facilities, so that it can help toward the promotion of the people's health and their conveniences.

The "Unjong Health Centre" will use the local hot spring water.

Kim Chong-il Inherits 'Revolutionary Cause'

SK3008040694 Pyongyang Korean Central Broadcasting Network in Korean 0200 GMT 29 Aug 94

[Essay: "The Great Leader Comrade Kim Il-song Is With Us Forever"]

[Excerpts] Today our revolution is advancing along the single road of victory and glory because we uphold Comrade Kim Chong-il, the respected supreme commander, at our van.

Foreseeing the future of the Korean revolution, the great leader Comrade Kim Il-song had warmly [kangokhage] taught: A firm guarantee for inheritance and accomplishment of the socialist cause is laid in properly upholding the leadership of Comrade Kim Chong-il.

The more highly we uphold the dear comrade leader—the mental pillar of our people and the entirety of our happiness and future—the more deeply do we recall every phrase of the poem composed by the great leader Comrade Kim Il-song. [passage omitted on Kim Il-song's poem]

This poem is an immortal work which reflects the emotion of our people who uphold the dear comrade leader as the great successor to the chuche revolutionary cause and to progressive mankind. The respected leader's poem, which impressively and solemnly reflects the joy of all people and the will of the time, endlessly touches and attracts the people as well as leads us to everlasting loyalty.

We cannot forget the stormy reaction of our people to the great leader's poem when it was announced.

While undergoing upheaval at the time by traversing the road of chuche revolutionary cause, our people keenly realized a happiness and honor they could enjoy thanks to the blessing of the leader [suryongbogul tagonan]. A number of writers majoring in creative work were among them. However, no poet or writer could succeed in excellently expressing such profound ideas and solemn reality in such short phrases.

The chuche revolutionary cause, which the respected leader Comrade Kim Il-song pioneered in the Paektu forest by overcoming perilous conditions, is being brilliantly inherited by the dear leader Comrade Kim Chong-il who is unswervingly loyal to the leader's [suryongui] cause.

Indeed, the greatest success of the immortal achievements made by the great leader Comrade Kim Il-song for over 80 years is that he established a firm inheritance of the Korean revolution—the cause of mankind for independence—and confidently opened the bright prospects of history.

The dear leader Comrade Kim Chong-il has complete loyalty and filial piety after being born as the lodestar of Paektu. He is possessed of both literary and military accomplishments, and has embodied wisdom and cleverness at the highest level. With brilliant revolutionary practice, he has made immortal achievements before the fatherland and people.

Under his leadership, splendid [nunbusin] reforms have been effected in all domains of social life, including political, economic, cultural and military; a paradise overflowing with people's happiness was beautifully opened.

Indeed, the new unprecedented golden age in the era of the Workers' Party is the great reality which was attained by upholding the dear comrade leader as the center of leadership. [passage omitted on significance of Kim Il-song poem]

The victory of our revolution, which advances along the chuche path by upholding the dear leader Comrade Kim Chong-il in the supreme position [suwie] of the party and state, is certain. Recalling the significance contained in the poem, and remembering the great leader's immortal achievements, we should consolidate our determination to more excellently uphold the leadership of the dear comrade leader with loyalty and filial piety.

WPK Committee Replies to Condolence Messages

*SK2708111494 Pyongyang KCNA in English 1025
GMT 27 Aug 94*

[Text] Pyongyang, August 27 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] and the Central People's Committee of the Democratic People's Republic of Korea sent messages to Governor General of Belize Colvill N. Young, the Central Committee of the Revolution Party of Haiti, the Arab liberation movement forces and other political parties in reply to their messages of condolence on the death of the great leader President Kim Il-song.

The reply messages expressed heartfelt thanks to them for their deep condolences.

Group in Nepal Issues Bulletin on Kim Il-song

*SK2708111894 Pyongyang KCNA in English 1029
GMT 27 Aug 94*

[Text] Pyongyang, August 27 (KCNA)—The International Study Centre for Chuche-Oriented Mass Media in Nepal on August 15 published a special issue of its bulletin on the death of the great leader President Kim Il-song.

The bulletin carries portraits of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il.

Edited in the bulletin are pictures of President Kim Il-song in his childhood, the period of the anti-Japanese revolutionary struggle, the period of building a democratic Korea after the liberation of the country, the period of the fatherland liberation war, the period of the postwar reconstruction and the period of socialist construction, pictures of Comrade Kim Chong-il guiding the work of different domains, pictures of monumental edifices, 59 in all.

It carries the brief biography of President Kim Il-song and gives accounts of memorial services for him held in regions and by organisations of Nepal.

The bulletin publishes the poem "O, the Dear Sagacious Leader" written by the chairman of the centre.

Dialogue on World's 'Reverence' for Kim Il-song

SK2908093794 Pyongyang Korean Central
Broadcasting Network in Korean 1000 GMT 25 Aug 94

[Dialogue between Yi Kwang-ung, deputy director of a division within the Internal Propaganda Bureau; and Kim Sung-hyok, reporter from the Central Broadcasting Station, on the achievements of Kim Il-song and Kim Chong-il: "Mankind's Boundless Admiration of Matchless Great Men"]

[Text] [Kim Sung-hyok] The reverence of the great leader Comrade Kim Il-song is increasing with each passing day, and his immortal achievements toward the people's happiness and prosperity are indeed noble.

[Yi Kwang-ung] That is right.

[Kim] Because of this, the revolutionary people of the world speak highly of the fatherly leader's benevolent and merciful personality, and are struck with admiration for his great achievements in socialist, communist construction which will shine forever in history.

[Yi] That is right. Recently we held a book exhibition in many countries, including Egypt, Cuba, India, Venezuela, Uzbekistan, and Hungary. What we felt most during these exhibitions was that all the people we met fervently revered the great leader Comrade Kim Il-song. The people of these countries unanimously follow the leader [suryong], and look up to him despite the fact that they are different in skin, language, ways of life, and customs. Why? It is because our leader is great.

[Kim] We could even feel this from the voices of reverence of foreigners who visited our book exhibition.

[Yi] In the past when we held our book exhibitions in Venezuela, Switzerland, Uzbekistan, Tunisia, and many other countries, many people from all walks of life visited our exhibition hall everyday. People from all walks of life, including party and state cadres, prominent figures, and functionaries of public organizations unanimously said after looking around the books on display: The DPRK continues to shine because of the wise leadership of the great leader and the dear comrade leader, and because the DPRK takes the immortal chuche idea as its guiding ideology.

One day, Mohammed (Elsudani), governor of (Pigerutju) Province in Tunisia, visited our book exhibition with his family, laid a flower basket before the portrait of the fatherly leader, and said: The DPRK, the fatherland of the great chuche idea, is a country the people of the world want to visit. I have visited Pyongyang on many occasions. Every time I visit, I witness the reality of the DPRK vibrant with life, and I feel the correctness and truthfulness of the chuche idea. Indeed, his excellency the respected and beloved Kim Il-song, who created the chuche idea, is a great man of mankind. Apart from his wise leadership, we cannot speak of the independence of the world.

He added that he and his family had been studying the fatherly leader's works, and explained to us in detail the contents of the leader's reminiscences.

In fact, our exhibition hall was always overfull of visitors, and the classical works of the great leader and the dear comrade leader, as well as books concerning their virtues, were taken home by visitors as soon as they were displayed.

The mayor of Maracaibo in Venezuela said: His Excellency Kim Il-song is the leader whom mankind upholds. His great achievements for mankind will shine forever. The Korean people are an extremely happy people. They are lucky to have such a leader.

Such stories are countless. An officer in charge of the public information center in Lausanne, Switzerland; the director of the Research Center of [word indistinct] of India; the vice foreign minister of Uzbekistan; and many other prominent figures fervently revered the fatherly leader and praised the success our people have achieved in socialist construction.

[Kim] Indeed, we see through this that our friends fervently revere our leader [suryong], and fall under the spell of his noble virtues and personality.

[Yi] These remarks are not forced or demanded, but are voices which stem from their hearts. When we participated in the international book exhibition held in Egypt, we came to keenly feel how much our friends revere the dear leader Comrade Kim Chong-il, who is emitting his brilliant rays on the world as the guiding star of the times, and how high they admire his extraordinary wisdom and iron-willed courage.

[Kim] An international book exhibition is participated in by famous publishers from many countries, and displays books and photographs which are deemed to be that country's successes. Because of this, I think an international book exhibition is to be regarded as significant.

[Yi] That is right. Because of that, an international book exhibition is always full of many people. In particular, what drew our attention was our exhibition room. The number of people visiting our exhibition room increased with each passing day.

Professors, doctors, intellectuals, workers, and other people from all walks of life visited our exhibition room. They requested the classical works of the dear leader Comrade Kim Chong-il. Looking up to the portrait of Comrade Kim Chong-il respectfully placed on the wall of the exhibition hall, they picked from the display the dear leader's works first and kept them in their bosom for a while. Some of them were at a loss to have the works.

(Ravil Mohammed), president of a publication house in Egypt, told us: Those who can lead the happiest life in the world are those who are blessed with the dear leader His Excellency Kim Chong-il's leadership and wrote a

poem as follows: Kim Chong-il, please elucidate the road of struggle for the people through your energetic activity and lead them to victory. Kim Chong-il, you are the star of guidance, which eliminates the darkness of the world and brightens it. The people will firmly unite and defend the brilliant cause of victory under this ray. Kim Chong-il, please lead the people of the world with your iron-like will and infinite love toward the people.

[Kim] Even from this poem we can not only see the warm minds of the people of the world, but also properly know how great are the immortal achievements the dear leader Comrade Kim Chong-il has produced for the people.

[Yi] While staying in many foreign countries to conduct our book exhibitions, I came to have a firmer conviction that our Comrade Kim Il-song, the dear leader Comrade Kim Chong-il, our party, our socialist system, and our people are all the best in the world.

[Kim] That is right. The respected and beloved leader Comrade Kim Il-song, who has brought about a new history of creation and innovative change with extraordinary wisdom and iron-willed courage, is a great man of the world and the legendary hero who has left unprecedented achievements in the history of mankind. His holy name and [word indistinct] will always remain in the hearts of our people and the progressive people of the world.

Our people and the progressive people of the world will, as in the past, uphold the dear leader Comrade Kim Chong-il to the end and consummate the chuche revolutionary cause that started in Mt. Paektu. They will also brilliantly carry out the great leader's lifetime will. Thank you.

Seminars on Kim Il-song's Works Held Abroad

SK2708042394 *Pyongyang KCNA in English* 0411
GMT 27 Aug 94

[Text] Pyongyang, August 27 (KCNA)—Seminars on famous works of the great leader President Kim Il-song were held in different countries.

Seminars on his works "Answers To Questions Raised by the General Director of the Latin America News Agency 'PRENSA LATINA'" and "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" were held in New Delhi and by the Nepal Institute for Chuche Studies.

Director of the Nepal Institute Manik Lal Shrestha in his report at the seminar said:

"President Kim Il-song gave to the world a mighty helm to have a correct understanding of the essence of the nuclear issue on the Korean peninsula and resolve it in principle by logically formulating the position that the DPRK had consistently maintained and the way of its solution.

"The great President Kim Il-song was, indeed, the great man of the century and a masterhand at the solution of matters.

"The nuclear issue of the Korean peninsula will surely be settled according to the principle and way indicated in the work and those days will be a course in which the reputation of the great President Kim Il-song will be enhanced."

Professor of Delhi University V.K. Gupta in his speech said that the 10-point programme of the great unity of the whole nation put forward by the great President Kim Il-song reflects the unanimous desire of the Korean people to achieve national reunification and prosperity with the firm unity of the whole nation transcending differences in ideology, idea and system.

General Secretary of the Asian Regional Institute of the Chuche Idea Govind Narain Srivastava in his speech stressed:

If anybody sees the reality of Korea, he becomes convinced of socialism.

The greatest of great men is dear Comrade Kim Chong-il who smashes the arrogant attempts of the imperialists at every step with his matchless grit, iron will and outstanding intelligence and creates a great history of single-hearted unity and changes of the century with his anthropocentric policy.

Seminars on his works "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" and "Let Us Achieve the Great Unity of Our Nation" were held by the group for the Study of the Chuche Idea of the College of Technology in Lagos State, Nigeria, and the Zairean Youth Group for the Study of the Chuche Idea and at the DPRK House of Culture in Cairo, Egypt.

A seminar on the greatness of the thought and theories of President Kim Il-song was sponsored by the theory and practice centre of Kimilsongism in Zimbabwe.

Indian, Chinese Delegates Visit Kim's Statue

SK2808082894 *Pyongyang KCNA in English* 0806
GMT 28 Aug 94

[Text] Pyongyang, August 28 (KCNA)—A delegation of the Centre of Trade Unions of India led by Secretary General M.K. Pandey and a delegation of the All-China Federation of Trade Unions led by Vice-President Xue Zhaoyun visited the statue of the great leader President Kim Il-song on Mansu Hill on August 27 to honor his memory.

They laid wreathes before the statue of the great leader with bitter grief at the loss of the great leader and observed a moment's silence.

The head of the delegation of the Centre of Trade Unions of India said that the great leader Comrade Kim

Il-song was the leader not only of the Korean people but also of the progressive people of the world.

He noted:

"He liberated Korea and built it into a great socialist country with a mighty independent economy.

"The Korean people are advancing under the uplifted banner of the great *chuche* idea founded by him.

"They are confidently advancing along the road of socialism under the leadership of the great Comrade Kim Chong-il."

The head of the delegation of the All-China Federation of Trade Unions said that he found it hard to repress grief before the statue of the great leader Comrade Kim Il-song.

"He was the leader of the Korean people and a close friend of the Chinese people," he stressed.

He expressed the belief that the Korean people would accomplish the revolutionary cause of *chuche* under the leadership of Comrade Kim Chong-il.

The delegations arrived here on Saturday.

Italian Guest Visits Statue of Kim Il-song

*SK2908050494 Pyongyang KCNA in English 0453
GMT 29 Aug 94*

[Text] Pyongyang, August 29 (KCNA)—Secretary General of the Italian Institute of International Relations Giancarlo Elia Valori [spelling of name as received] on a visit to our country called at the statue of the great leader President Kim Il-song on Mansu Hill to mourn his death Sunday [28 August].

He laid a bouquet of flowers before the statue and observed a moment's silence in memory of the great leader.

Sorrow at the loss of respected President Kim Il-song is growing as days go by, he said, and went on:

"The great President Kim Il-song was a veteran statesman of the world.

"His death is a big loss for the Korean people as well as the progressive mankind of the world.

"For life, I will never forget him who had granted an audience to me and my mother and shown loving care and solicitude.

"The revolutionary cause of the great leader is being successfully carried forward and accomplished by dear Comrade Kim Chong-il.

"I am firmly convinced that the cause of the great leader President Kim Il-song will be creditably accomplished since there are the wise leadership of the dear leader Comrade Kim Chong-il, the strong party, the powerful state and the people united in one mind."

Youth Lay Wreaths Before Statues of Kim Il-song

*SK2908045994 Pyongyang KCNA in English 0450
GMT 29 Aug 94*

[Text] Pyongyang, August 29 (KCNA)—The Korean youth and students on August 27 and 28 laid wreaths before the statues of the respected leader President Kim Il-song across the country on the Day of Youth (August 28).

Officials of the Central Committee of the League of Socialist Working Youth of Korea [LSWYK] and youth and students in Pyongyang called at the statue of President Kim Il-song on Mansu Hill.

While the wreath laying music was playing, wreaths in the name of the LSWYK Central Committee and LSWYK organizations of universities, organs, industrial establishments, co-op farms and units of the People's Army were presented before the statue of President Kim Il-song.

A large number of youths and students presented bouquets of flowers before his statue.

They paid a silent tribute to the memory of President Kim Il-song, a peerless patriot and the great sun of the nation who had devoted his 80 odd year-long life only to the freedom and happiness of the people and the future of the younger generation.

They took a firm pledge to be loyal subjects and filial sons and daughters who uphold with loyalty the great leader Comrade Kim Chong-il who has personified the idea, leadership art and noble virtues of President Kim Il-song.

And, young men and women across the country presented wreaths before the statues of President Kim Il-song built in their residential areas.

Various Works of Kim Il-song Reported Overseas

*SK2908045394 Pyongyang KCNA in English 0440
GMT 29 Aug 94*

[Text] Pyongyang, August 29 (KCNA)—"Let Us Bring the Advantages of Socialism In Our Country Into Full Play", a famous work of the great leader President Kim Il-song, was carried by the Pakistani paper AMAN.

His work "Answers to Questions Raised by the General Director of the Latin America News Agency 'PRENSA LATINA'" was reported by the Dutch paper MANIFEST and Radio Fiesta of Nicaragua.

Touching on the nuclear issue of the Korean peninsula and the future of Korea's reunification in his work, President Kim Il-song pointed out that as the nuclear issue of the Korean peninsula originates in the U.S. hostile policy towards Korea it should be solved through dialogue between Korea and the United States.

British Doctor Visits Statue of Kim Il-song

*SK3008041994 Pyongyang KCNA in English 0411
GMT 30 Aug 94*

[Text] Pyongyang, August 30 (KCNA)—Dr. Heisel Smith at the London Institute of International Affairs in Kent University of Great Britain Monday [29 August] called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang to mourn his death.

The guest presented a bouquet of flowers before the statue of the great leader and observed a moment's silence.

He said though respected President Kim Il-song, the founder of the great *chuche* idea, passed away, his immortal exploits will remain forever in the hearts of all people.

He expressed his determination to exert all his efforts to studying and disseminating the *chuche* idea.

Council Vice Premier Attends Meeting 26 Aug

*SK2708103394 Pyongyang KCNA in English 1008
GMT 27 Aug 94*

[Text] Pyongyang, August 27 (KCNA)—The employees of the Hungnam Fertilizer Complex on the east coast of Korea resolved to take the van in the fulfilment of the teachings given by the great leader President Kim Il-song on July 6, 1994 and challenged the working class of the country to a socialist emulation.

In the teachings, President Kim Il-song set forth militant tasks to implement the grand plan of socialist economic construction and the revolutionary economic strategy of the party and indicated ways for their fulfilment.

At a meeting held on August 26, the employees of the complex said that the teachings of President Kim Il-song serve as valuable behests for the prosperity and development of the country and for the freedom and happiness of the people and a programmatic guideline in socialist economic construction.

They vowed to make an active contribution to the final solution to the socialist rural question and to the implementation of the agriculture-first policy of the party by keeping the production of chemical fertilizers on a high level as instructed by President Kim Il-song.

The employees of the complex expressed their determination to realise the intention of President Kim Il-song who had been so anxious about the improvement of the living standard of the people in his lifetime by concentrating all efforts on the increase of fertilizer production.

The meeting was attended by Vice Premier of the Administration Council Kim Hwan, Chairman of the Central Committee of the General Federation of Trade Unions of Korea Chu Song-il, Chief Secretary of the South Hamgyong Provincial Party Committee and

Chairman of the South Hamgyong Provincial People's Committee Hyon Chol-kyu, and others.

Center of Sociopolitical Body Theory Stressed

*SK2708143194 Pyongyang Korean Central
Broadcasting Network in Korean 0200 GMT 27 Aug 94*

[Unattributed talk from the "Ray of Chuche" Program: "A Theory on the Center of the Sociopolitical Body"]

[Text] Comrade Kim Chong-il, the great genius [yongjae] of ideology and theory and dear leader of our party and people, has newly expounded the principle of the *chuche* idea regarding the independent component of the revolution and the sociopolitical body. What occupies an important position here is the profound and original theory on the center of the sociopolitical body.

The dear leader Comrade Kim Chong-il has indicated: Because the sociopolitical body is composed of many people, there must be a center that uniformly commands the activity of the social collective. As the brain is the life center of an individual, the center of life of the sociopolitical collective is the leader [suryong], the supreme brain of the collective.

As pointed out by the dear comrade leader, the life center of the sociopolitical body is the leader, the supreme brain of the collective. This is because the leader is the center that uniformly commands and leads the life activity of the sociopolitical collective, the so-called popular masses.

The life activity of the sociopolitical body can be carried out by the center of the sociopolitical body. The center of the sociopolitical body uniformly organizes and commands all activities of the sociopolitical collective to safeguard and achieve the people's independence.

As people organize all activities with the function of their brain, or as all activities of life are carried out in an objective or conscious manner according to the order given to the brain, the sociopolitical body, the so-called popular masses, can carry out an important activity by the ideology and the leadership of the leader [suryong], the supreme brain of their life. As a result, it can carry out activities as an independent component in history.

First of all, the leader is the center that unites into one the popular masses' independent demands and interests. For the sociopolitical body to satisfactorily carry out its life activity, it is imperative to unite into one all of the members' independent demands and aspirations.

The leader of the people plays a central role in organizing and commanding the life activity of the sociopolitical collective by uniting into one the individuals' independent demands and aspirations. As the representative of the popular masses, the leader has personally embodied the people's basic demands and interest and, also, analyzed and unified it in the most lofty level.

In particular, the leader becomes the center of life that unifies and displays the people's independent demands in the most lofty level by creating and achieving the revolutionary ideology that summed up the popular masses' independent demands and aspirations. The leader is also the center that uniformly commands the popular masses' creative activity to achieve an independent demand.

All people have independent demands, as well as the creative ability to achieve the demands. In order to turn all the people's creative ability into the creative characteristic of a social group, there must be a center that unites their creative activities as one and leads the activities. The leader [suryong] is the center that unites and develops the creative ability of all the people who form the sociopolitical group.

The leader presents the correct line and policies for unitedly achieving the creative strength of the popular masses, skillfully organizes and deploys the unlimited strength and wisdom of the masses, forms a revolutionary organization, which is the base of unity, and ties the masses to the organization, and thereby highly displays the creative strength of the masses.

The leader built the party, a revolutionary organization with a strong organizing ability, and the party highly displays the unlimited creative strength and wisdom of the popular masses as the power of a huge social group. Thus, a sociopolitical body is formed when a social group called the popular masses becomes a solidly united body with mighty social power bearing one independent aspiration and demand by upholding the leader as the center of its life.

The leader's ideology and leadership is the lifeline that unites and displays the people's independent demands and creative ability, and enables the popular masses to lead their lives and activities with an appearance of a sociopolitical body. Therefore, the leader is the center of the independence and creativity of the popular masses, and the highest head [choego noesu] that unites and displays the independence and creativity.

The chuche idea presents the most correct view on the independent main forces of the revolution by giving profound explanations on the sociopolitical body based on the question of the leader's position and role.

The fact that the leader is the center of the sociopolitical body, and that without the leader, the existence and development of the sociopolitical group cannot be conceived, has been unsparingly proven by our revolutionary practices. In the past, our people, who had been forced to lead miserable lives as slaves of colonialism for a long time, became independent main forces of history, and independently and creatively pioneered their destiny by upholding the great leader Comrade Kim Il-song as the center of revolution, leadership, and unity.

Our revolution and the proud reality of our country firmly proves that the might of the sociopolitical body

depends on the greatness of the leader [suryong], and that the popular masses can bear and glorify their life as the independent main forces of revolution only by upholding the great leader [widaehan yongdoja] in the center of unity and leadership.

By deeply learning the profound theory concerning the center of the sociopolitical body elucidated by the dear leader Comrade Kim Chong-il, and by making it their faith, all party members and working people should harmoniously unite around the respected and beloved great leader [widaehan yongdoja] Comrade Kim Chong-il for the virtual consummation of the chuche revolutionary cause.

'Bumper' Harvest at Youth Fruit Farm Reported

*SK2508214294 Pyongyang KCNA in English 1508
GMT 25 Aug 94*

[Text] Pyongyang, August 25 (KCNA)—A bumper year of fruits has been reported from the 40 km-long youth fruit farm of Kwail County, South Hwanghae Province, in the west coastal area of Korea.

The whole of Kwail (fruit) County is an integrated fruit farm.

The county came into being and covered a road of development under the wise guidance of the great leader President Kim Il-song.

According to Kim Ki-hwan, chairman of the county integrated farm management committee, the soil of the area was so lean that it was unfit for farming.

President Kim Il-song acquainted himself with the conditions of the area in March 1953 in the thick of the fatherland liberation war and saw to it that a large-scale fruit farm was built there.

He sent a large amount of fund, workforce and more than 300,000 fruit saplings for the creation of orchards and gave on-the-spot guidances on five occasions and highly important teachings on hundreds of occasions to the farm.

In September last year, he called at the Pukchang, Sindae and other branchfarms and a fruit processing factory in the county to indicate the ways to develop pomiculture more rapidly.

The Kwail County now has turned into one of the nation's largest fruit producers, conducive to making the people's living affluent.

Orchards covering more than 70 percent of the cultivated area of the county stretch 8,700 hectares.

Some 30 varieties of fruits are cultivated there, including apple, pear, peach, plum and persimmon.

The county has also a branch farm that turns out about 520,000 fruit saplings of various varieties to create new fruit fields or renew the existing ones.

The total number of the tractors of the county has increased nine times and the kinds of mechanized work two times as against 1964. Now six tractors and one lorry work on each 100 hectares and one of six employees in each branch farm is a technician or a specialist.

A well-equipped irrigation system has been set up, with the result that water of River Taedong flows into every plot through the 82.8 cm-long waterway from the West Sea barrage to the Kwail County.

The county has well-equipped storages and processing factories.

Various kinds of canned fruits, fruit syrup, juice and dried apples are produced in the processing factories.

Fruit output is on the steady increase. Last year 18,000 more tons of fruit were produced above the preceding year.

Ministry Reports Cement Production Increases

SK2708110794 Pyongyang KCNA in English 1020 GMT 27 Aug 94

[Text] Pyongyang, August 27 (KCNA)—Cement producers of Korea are reporting an upswing in production, true to the behests of the great leader President Kim Il-song.

According to data available at the Ministry of Building-Materials Industry, the output in recent 20 days was 50 percent up on the same period of last year.

In this period the Suncheon cement complex boosted output 60 percent, the February 8 cement factory 20 percent and the Chonnae and Komusan cement factories 50 percent.

The Kujang and Haeju cement factories are topping the daily targets by hundreds of tons by effectively controlling the equipment and actively introducing technical innovation proposals.

Suncheon Cement Complex Production Highlighted

SK2908151994 Pyongyang KCNA in English 1459 GMT 29 Aug 94

[Text] Pyongyang, August 29 (KCNA)—Production is moving upward at the Suncheon cement complex, a powerful building-materials production base of Korea.

According to data available, the cement output in the recent 20 days there was 60 percent up on the same period last year.

The demand for the cement turned out by the complex is growing for its high quality. Its cement of "Kumgang" brand won gold medals twice at international fairs.

The enterprise situated on a bank of the middle reaches of the River Taedong in South Pyongan Province was put into operation in April 1977. Its annual production

capacity is three million tons. Nearly all the production processes are automated and remote controlled.

Belonging to the complex are the Suncheon cement factory, the May 4 mine, a clay slate mine, a fireproof material branch factory, etc. Vast is the prospect of the complex.

The Suncheon area is rich in high-grade limestone, clay slate, and anthracite.

South Korea

Minister on Dialogue, U.S.-DPRK Talks, Ties

SK3008052294 Seoul YONHAP in English 0516 GMT 30 Aug 94

[Text] Seoul, Aug. 30 (YONHAP)—North Korea-U.S. relations will improve within the context of resolving the row over Pyongyang's nuclear program and in step with progress between the two Koreas, Foreign Minister Han Sung-chu said Tuesday [30 August].

Appearing before the National Assembly Committee on Unification and Foreign Affairs, he reiterated Seoul's unchanged position that Pyongyang must guarantee the transparency of its past, present and future nuclear activities, saying this is the key condition for supplying light-water reactors to North Korea.

He acknowledged the strain in inter-Korean relations after North Korean leader Kim Il-song's death last month but remained hopeful that Pyongyang will realize the necessity of South-North dialogue.

Referring to a clause in the North Korea-U.S. statement agreed earlier this month, Han said inter-Korean dialogue is inevitable in order to implement the South-North declaration on denuclearization as written in the statement.

"I would think that North Korea, too, realizes that inter-Korean dialogue is a prerequisite to light-water reactor assistance and U.S.-North Korea relations improvement," the foreign minister said.

"...The government is cooperating closely with the U.S. Government so that North Korea will sit down to meaningful inter-Korean talks," he said.

The outcome of North Korea-U.S. high-level dialogue indicates that Pyongyang, despite Kim Il-song's death, is adhering to its former policies while placing emphasis on bettering ties with the United States and securing light-water reactors, Han said.

"North Korea fully knows that it cannot expect these things without resolving its nuclear problem," he told the assembly committee.

Japan Concerned About North Nuclear Development

SK3008110994 Seoul YONHAP in English 1046 GMT
30 Aug 94

[Text] Tokyo, Aug. 30 (YONHAP)—Japanese Defense Minister Tokuichiro Tamazawa said Tuesday his government is seriously concerned about North Korea's suspected development of nuclear arms.

"We are very much concerned about it because it poses a grave threat to peace and stability in the Northeast Asia area," Tamazawa said.

While meeting with a group of visiting South Korean correspondents, the Japanese minister said the North Korean nuclear question cannot but be an international issue because nuclear arms are a mass destructive weapon affecting a vast area.

Regarding the reports that the Japanese Government was preparing a step to cope with refugees stemming from North Korea's unrest, Tamazawa said it was a mere hypothetical plan to cope with a contingency on the Korean peninsula.

"If such a contingency actually happens, we will deal with it in accordance with international regulations," he said.

Minister Tamazawa also said he agrees that the "multilateral Northeast Asia security dialogue" advocated by South Korea is necessary for peace and stability in the region.

Japan, he said, will not develop or otherwise possess nuclear arms under whatever circumstances.

On a possible amendment to the U.S.-Japan Security Treaty, Minister Tamazawa said he sees no reason to revise it because the treaty is important even in the de-Cold War age for economic reasons.

Assembly Probes Administration Policy on DPRK

SK3008065194 Seoul YONHAP in English 0640 GMT
30 Aug 94

[Text] Seoul, Aug. 30 (YONHAP)—The stances of the ruling and opposition parties were reversed at a National Assembly Foreign Affairs and Unification Committee session Tuesday [30 August] as Foreign Minister Han Sung-chu was grilled on the administration's policy toward the North Korean nuclear issue.

Taking issue with Han's remarks that the government would not insist on the term "special inspections" in getting the North's undeclared nuclear facilities inspected, ruling Democratic Liberal Party (DLP) lawmakers pressed the minister to explain the "confusion" among concerned government agencies. In contrast, opposition Democratic Party (DP) members of the House Committee defended Han, praising his stand as flexible.

Rep. Chong Chae-mun of the DLP, criticizing policy-makers for making statements prematurely, demanded that Han disclose the background of his remark that Seoul would not insist on special inspections.

Rep. Pak Chong-su, also a member of the ruling party, alleged that "a lack of coordination between our foreign affairs and national security teams has given rise to confusion and invited public distrust of the administration."

Opposition lawmakers, on the other hand, encouraged Han by saying that an "atmosphere conducive to dialogue can be achieved by not inciting North Korea."

Rep. Namgung Chin of the DP lauded Han: "Foreign Minister Han's remarks, late as they are, are the utterances of a wise man who goes ahead of others."

Another Democratic Party member, Rep. Yim Chae-chong, asserted that Seoul should not prolong confrontation with Pyongyang by sticking to such terms as special inspections. "What matters is to achieve something substantial in inter-Korean relations without humiliating the North," Yim added.

DPRK: Negotiations Over Fuel Rods Not Needed

SK3008012094 Seoul CHOSON ILBO in Korean
30 Aug 94 p 2

[Text] It was learned on 29 August that, as regards a meeting of experts to discuss the North Korean nuclear issue, the improvement of U.S.-North Korean relations, and the supply of a light-water reactor, North Korea has expressed its position that working-level negotiations to discuss the processing of the nuclear fuel rod are not needed, while expecting working-level negotiations for the establishment of U.S.-North Korean liaison office to be held independently in Washington.

A diplomatic source in Seoul said on 29 August: "North Korea is focusing attention on improving relations with the United States, regarding it as important in determining the initial success or failure of Kim Chong-il's power." The source stressed: "Toward this end, North Korea expects a meeting of experts to independently discuss the improvement of U.S.-North Korean relations to be held in each other's capitals, but the U.S. Government hopes to simultaneously discuss the processing North Korea's nuclear fuel rods as well as the improvement of U.S.-North Korean relations."

The source added: "North Korea has maintained its position of not needing to hold another round of negotiations to discuss the processing of the nuclear fuel rods since it is able to process them independently. Therefore, people are very concerned." He further added that because of such differences in opinion between the two sides, the place and timing for the meeting of experts have not yet been decided.

The source stated: "The U.S. Government has conveyed its position to North Korea that the measures for

improving U.S.-North Korean relations, including the establishment of a U.S.-North Korean liaison office, will enter the stage for practical implementation only if North Korea takes concrete actions to dissolve inconsistencies between North Korea and the International Atomic Energy Agency [IAEA] regarding the Nuclear Nonproliferation Treaty."

The source said: "The IAEA's call for dissolving these inconsistencies means North Korea should take practical steps to resolve the nuclear issue, such as accepting special inspections [tukpyol sachal]."

Minister's Remarks on Special Inspection Viewed

*SK3008074694 Seoul CHUNGANG ILBO in Korean
30 Aug 94 p 5*

[Report by Kim Ki-pong: "National Assembly Foreign Affairs Committee Questions the Government's Policy on the North Korean Nuclear Problem"]

[Text] Confusion in the government's policy on the North Korean nuclear problem was the hot topic of dispute at the National Assembly Foreign Affairs Committee on 30 August. It seemed as if the ruling and opposition parties reversed their positions.

Assemblymen from the ruling party sternly criticized the remarks of Foreign Minister Han Sung-chu on "the undesirability of insisting on using the words special inspection" as causing confusion among the relevant government agencies and offices, while lawmakers from opposition parties supported his remarks as a "flexible attitude."

Lawmakers from the ruling party, including Chong Chae-mun (Pusan, Pusanjin) and Pak Chong-su (Kimchon, Kumnung, North Kyongsang Province), unanimously criticized that "regarding diplomatic issues that require a cautious strategy, our government authorities make excessively hasty remarks."

Other lawmakers from the ruling party pointed out that "unlike the position of the government that persistently called for special inspections, Foreign Minister Han's remarks hinted of a position of not adhering to special inspections." Thus, they demanded that he explain the background of his remarks.

Assemblyman Ku Chang-nim (elected from national constituency) stated: "Our goal is not to appease North Korea, but to resolve its nuclear problem and make North Korea abandon its strategy for communization of South Korea. However, Foreign Minister Han's remarks gave an impression that our government has abandoned special inspections." He then inquired into Minister Han's genuine intent, and asked if he consulted with allies and held discussions with relevant government offices.

Assemblyman Pak Chong-su pointed out that "the action taken without sufficient consultations among our

diplomatic-security affairs teams has only caused confusion among the people, and as a result, the people's distrust in the government has increased."

Assemblyman Chong Chae-mun, who previously held the position of chairman of the Foreign Affairs and Reunification Committee, also emphasized that "abrupt remarks on the unnecessary insistence on special inspections touched off confusion among the people. Diplomacy is something that should be carried out calmly, without making sensational noises. Therefore, it is important to raise a unified voice after adjusting opinions at meetings and conferences among security-related organizations."

On the contrary, lawmakers from the opposition Democratic Party noted that "we can induce an atmosphere favorable for dialogue by not irritating North Korea." Thus, they actively encouraged Foreign Minister Han.

Assemblyman Namgung Chin (elected from national constituency) pointed out that "it is now difficult to examine past nuclear transparency through special inspections. This being the case, we should support the United States through the ROK-U.S. cooperative system so that the issue on North Korea's past nuclear transparency will be resolved between North Korea and the United States. However, the hard-line figures, including the president, are antagonizing North Korea by raising various clamors."

Assemblyman Namgung emphasized that "our government made an error by insisting only on words. Foreign Minister Han's remarks are wise and forward-looking, although they were made belatedly," thus speaking highly of Minister Han.

Assemblyman Yim Chae-chong (Nowon, Seoul) also supported Minister Han's position, and stated: "There is no need to create an atmosphere of confrontation by stubbornly insisting only on the words special inspection. It is important to attain practical results, instead of giving a sense of humiliation to North Korea."

Concerning such criticism by lawmakers, Minister Han stressed: "The government displayed necessary tactical flexibility within the scope of goals and principles it consistently pursued regarding the North Korean nuclear problem."

U.S. Responds to DPRK Refusal of South Reactor

*SK3008005594 Seoul YONHAP in English 0022 GMT
30 Aug 94*

[Text] Washington, Aug. 29 (YONHAP)—The U.S. State Department, commenting on North Korea's rejection of Seoul's offer to provide it with South Korean-model light-water reactors, said Monday [29 August] that "we need some time diplomatically to work out these issues before we accept a premise that certain countries either will or will not be a part of providing this type of technology."

Department Spokesman Mike McCurry told a regular briefing session, "We are discussing with our allies in the region and others the context of how we would provide this type of technology, and there are a number of countries that could be helpful in providing this technology, including South Korea."

The current discussions are "very preliminary" and much work remains to be done before the third round of U.S.-North Korea high-level talks resumes in Geneva on Sept. 23, he added.

McCurry asked for "a little patience as we develop these ideas in our dialogue with the Democratic People's Republic of Korea."

Given that South Korea has offered to supply the technology and financing for light-water reactors if the North accepts special inspections of its undeclared nuclear sites and that North Korea has rejected this offer, rough sailing is anticipated at the Washington-Pyongyang experts' talks that open early next month and the high-level dialogue resuming in late September.

DPRK Opposition to ROK Reactors Studied

SK3008100094

[Editorial Report] Two ROK vernacular daily newspapers carried editorials on 30 August to comment on North Korea's opposition to ROK-type light-water reactors.

Moderate HANGUK ILBO on page 3 carries an 800-word editorial entitled "North Korea Again Sticks To Unreasonable Allegations."

Citing North Korea's opposition to ROK-model light-water reactors, the editorial first welcomes the ROK Government's position that it would "not pay even a cent" for the supply of light-water reactors unless ROK-model reactors are chosen. Analyzing North Korea's opposition to ROK-model reactors, the editorial says that North Korea intends, first, to "take higher ground in upcoming experts meetings with the United States," "exclude ROK from North Korea-U.S. nuclear negotiations," and "break up the ROK-U.S. cooperation system" with regard to the nuclear issue; second, to prevent its people from knowing South Korea's "absolute superiority" to North Korea by refusing to receive ROK-model reactors; and, third, to "create confusions and disharmony" in the ROK Government and "fan confrontation between the government and people and between the government and radical leftists."

The editorial then notes the possibility that the United States and North Korea may agree on plans to supply light-water reactors to North Korea through an international consortium and merely examine North Korea's fuel rods to clarify North Korea's nuclear past. It goes on to say: "The United States should know that if the United States chooses light-water reactors other than ROK-model reactors and still asks ROK to share the

expenses for them, ROK people will strongly oppose and resist this and do irreparable harm on ROK-U.S. relations."

Moderate KYONGHYANG SINMUN on page 3 carries an 800-word editorial entitled "North Korea Rejects ROK-Model Light-Water Reactors."

The editorial first says that North Korea opposes ROK-model reactors to "delay the implementation of the agreements of the third round of North Korea-U.S. talks" when experts meetings are just around the corner. It also says that North Korea's refusal to hold experts meetings alternately in Washington and Pyongyang may be a "strategy not to receive special inspections by stalling for time" and "break up the ROK-U.S. cooperation system and completely exclude ROK from the process of resolving the nuclear issue."

The editorial, in conclusion, asks North Korea to realize that it "has no alternative but to receive ROK-model light-water reactors" and that it "will not be able to handle the nuclear issue without the ROK's participation."

Meeting Reconsiders Role of Dialogue Secretariat

SK3008050394 Seoul KYONGHYANG SINMUN in Korean 30 Aug 94 p 2

[Text] On 29 August, the government and the Democratic Liberal Party held a party-government meeting attended by Pak Chong-su, chairman of the party's Special Committee to Strengthen the Competitiveness of State and the National Assembly Subcommittee for Foreign and National Security Affairs; as well as Yi Hong-ku, vice prime minister and minister of the National Unification Board.

During the meeting, they decided to reconsider the function and role of the Secretariat for North-South Dialogue to effectively push ahead with North Korean affairs.

The party and government have decided to adopt a new system to send experts from each ministry to the Secretariat to facilitate the formulation of consistent and comprehensive North Korean policies to satisfactorily work for negotiations with North Korea.

The party and government, however, failed to formulate a restructuring plan to strengthen the function and position of the National Unification Board due to a difference in opinions. The National Unification Board presented proposals to rename the Secretariat for North-South Dialogue to the Headquarters for North-South talks; to upgrade the first grade-level general director to a vice minister-level chief of the Secretariat; to develop the Unification Research and Training Institute into the Board for Unification Education led by a vice minister-level person; and to set up one bureau and department in the Board. The Democratic Liberal Party, however,

declined these proposals, saying they run counter to the government's administrative policy.

Japanese Paper on 'Problems' in North Succession

*SK3008035494 Seoul HANGUK ILBO in Korean
30 Aug 94 p 2*

[Report by correspondent Yi Chang-min from Tokyo]

[Text] In a dispatch from Moscow on 29 August, Japanese daily SANKEI SHIMBUN reported that (Aleksandr Variyev), Pyongyang-based correspondent of the ITAR-TASS News Agency, revealed that diplomats in Pyongyang are making observations that some problems might have arisen in Kim Chong-il's succession to power, in addition to observations on his health.

In a telephone conversation with SANKEI SHIMBUN, correspondent (Variyev) said that "although the fact that Secretary Kim Chong-il is the new leader is being widely spread among citizens, diplomatic sources are making observations that some problems might have arisen."

Research Institute for Kim Chong-il Reported

*SK3008005794 Seoul THE KOREA TIMES in English
30 Aug 94 p 2*

[Text] North Korea has been operating a research institute solely devoted to taking care of Kim Chong-il's health and ensuring his longevity since the late 1980s in addition to a similar research center for his father Kim Il-song, according to Naewoe Press, an official North Korean watcher.

The "longevity center," located in Taesong Block, Pyongyang, has some 1,500 staffers, many of them doctorate holders from Kim Il-song University and Pyongyang Medical College, Naewoe said in a press release recently.

The center, equipped with the state-of-art lab facilities imported from the United States, Germany and Japan, has eight departments specializing in food and beverages, herbs, meats, vegetables and fruits, fish, tobacco, human diseases and integrated analyses.

The food and beverage department is commissioned to develop delicious and nutritious foods and beverages, in particular alcoholic beverages which are "aromatic and good to drink, and at the same time not harmful to Kim's health even though he drinks too much." Kim is reputed to be a heavy drinker and aficionado of Hennessy cognac.

The main mission of the tobacco department, which operates a small factory producing tobacco for Kim Chong-il's exclusive use, is to develop low tar and nicotine cigarettes which are the least harmful to human health. Kim Chong-il is an avid smoker of the Dunhill brand.

The meat department produces beef, pork, lamb and poultry which are low in cholesterol yet rich in protein and soft in texture. It operates a livestock and poultry farm in Hwangju for exclusive supply to Kim Chong-il.

The vegetables-fruits research team operates a large-scale green-house in Hwanghae Province where even rare tropical fruits are cultivated.

The human disease research department has recruited a dozen males who have physiques and constitutions similar to Kim Chong-il as "human guinea pigs," giving them foods, beverages, tobacco and medicines supplied to Kim to test their effects.

North Korea procured wild ginseng, reindeer, bear's gallbladder, white sea cucumber and other precious herbs, animal parts and sea-foods from home and abroad for the exclusive consumption by the late Kim Il-song and Kim Chong-il to ensure their health and longevity since the early 1980s, Naewoe Press reported.

The longevity centers are operated by the North Korean Workers (Communist) Party's finance department, Naewoe said.

North Schools Named After Kim Il-song 'Clan'

*SK2708060394 Seoul YONHAP in English 0503 GMT
27 Aug 94*

[Text] Seoul, Aug. 27 (YONHAP)—On Aug. 11, North Korea rechristened the College of Agricultural Leaders Reeducation, calling it Kim Po-hyon College after the late Kim Il-song's grandfather.

Announcing the rechristening, the Central People's Committee lauded Kim Po-hyon as "an enthusiastic patriot who reared his family for the revolutionary struggle to liberate the nation, while fighting Japanese aggressors and the landed classes."

Born in a farming village near Pyongyang (the Mangyongdae area of Pyongyang city today) on Aug. 19, 1871, he was a typical Korean farmer throughout his life. He died on Sept. 2, 1955, at age 84.

But the cult of Kim Il-song and his clan has transformed Kim Po-hyon and his father, Kim Ung-u, into "enthusiastic patriots fully armed with the spirit of opposition to feudalists and foreign aggressors."

According to NAEWOE Press, the official Pyongyang watcher here, North Korea boasts over 30 educational institutions named after Kim family members, including Kim Il-song University.

Among the Kim clan members whose names adorn these institutions are Kim Hyong-chik and Kang Pan-sok (Il-song's father and mother), Kim Chong-suk (Il-song's former wife and Chong-il's mother), Kim Hyong-kwon (Il-song's uncle), Kim Chol-chu (Il-song's brother) and Kim Po-hyon (Il-song's grandfather).

Institutions bearing Kim Il-song's name number 10 and those having Kim Chong-suk's name six. Most of the institutions bearing Kim Chong-suk's name appeared in the early 80s when her son, Kim Chong-il, emerged as Kim Il-song's heir-apparent.

Kim Il-song University was established on Oct. 1, 1946, as an institution designed to educate future national leaders. This school was named after Kim Il-song even before the North Korean Government was set up with him entrenched firmly at the top.

Other institutions carrying his name include Kim Il-song Military University, Kim Il-song Politics College, Kim Il-song Broadcasting College, Kim Il-song higher-level party school, Kim Il-song Advanced Physics college and Kim Song-chu (Kim Il-song's former name) Students and Youths Palace.

Kim Il-song higher-level party school was founded on June 1, 1946, under the name North Korean Central Party School, and was rechristened on April 15, 1972, to mark his 60th birthday.

Kim Il-song Advanced Physics College, located in Pochon, Yanggang Province, was established on April 15, 1952, as Kim Il-song Senior High School and was rechristened Kim Il-song Higher Agricultural School in 1962 before it was given its present name in 1967.

Kimsong Politics College, Kimsong First Senior High School and Mangyongdae School are also related to Kim Il-song: Kimsong is a shortened form of Kim Il-song and Mangyongdae is Kim Il-song's birthplace.

Kimsong Politics College is a cadre school for Workers' Party training staff members of the League of Socialist Working Youth of Korea and other social organizations. It was set up as Democratic Youth League School in November 1946 and was rechristened twice—Democratic Youth League Central School and Socialist Working Youth College—before merging with the Central School of Workers' Organizations to become Kimsong Politics College in November 1973.

Among the schools named after Kim Chong-suk, mother of Kim Chong-il, are Kim Chong-suk Teachers College, Kim Chong-suk Normal School, Kim Chong-suk Girls High School, Kim Chong-suk Naval College, Kim Chong-suk first senior high school and Kim Chong-suk nursery.

Kim Chong-suk Teachers College and Kim Chong-suk Girls High School were renamed from Hyesan Second Teachers College and Sinpa Girls High School, respectively, on the orders of Kim Chong-il in August 1981. Hyesan and Sinpa are places where Kim Chong-suk and Kim Il-song set up their anti-Japanese guerrilla warfare bases.

In 1990, North Korea renamed some 60 educational institutions after Kim clan members, anti-Japanese revolutionary fighters and places related to Kim Il-song's guerrilla campaign against Japan.

It was in this year that Hamnam First Teachers College and Pyongyang Teachers College were renamed after Kim Hyong-kwon, Kim Il-song's uncle, and Kim Cholchu, his brother, respectively. In addition, Sonchon Normal School was rechristened Samsung (three stars) Normal School: The three stars mean Kim Il-song, Kim Chong-suk and Kim Chong-il.

Educational institutions carrying the names of Kim Il-song's father and mother include Kim Hyong-chik Teachers College, Kang Pan-sok Revolutionary School, Kang Pan-sok Teachers College, Kang Pan-sok High School, Kang Pan-sok nursery and the Kang Pan-sok school for children of fallen revolutionaries. Kang Pan-sok revolutionary school is a sort of peers' school, along with Mangyongdae revolutionary school.

North Korea's educational institutions bearing the names of Kim clan members are marked by two things: They were mostly renamed after the mid-1970s and most are schools producing teachers.

The rechristening in the mid-1970s was related to preparations for Kim Chong-il to succeed his father. In February 1974, Kim Chong-il emerged as Kim Il-song's heir-apparent, with the media claiming that he was born to an anti-Japanese revolutionary family to cover his weak point of having no revolutionary experience.

And, renaming teachers colleges and normal schools after Kim clan members appears to be related to North Korea's scheme to produce teachers who can educate youths as filial sons and daughters and faithful subjects of the Kim dynasty.

Graduates of schools bearing the names of Kim clan members are treated favorably in North Korean society. For instance, Kim Il-song University graduates account for more than one-third of the North Korean bureaucracy.

However, there is only one school named after Kim Chong-il: Chong-il Pong Senior High School. Chong-il Pong was renamed from Chang-su Pong by Kim Chong-il's order in August 1988: It is on a hill behind a small cottage at Mt. Paektu where Kim Chong-il, North Korea claims, was born.

In September 1992, Kim Chong-il ordered the establishment of a high school bearing his name at the foot of Mt. Paektu. This is a small school with only 120 students, but it is rated as one of the best high schools due to its excellent teaching staff and educational facilities.

In the future, however, many schools bearing Kim Chong-il's name are likely to emerge because he is expected to formally succeed his father shortly.

Russian Researcher Tells Impressions of DPRK

SK3008132194 Seoul KYONGHYANG SINMUN in Korean 30 Aug 94 p 4

[Report by Hwang U-yon, Tokyo-based reporter, on interview with Marina (Torikvenka), head of the Asian

Center under the Russian Institute for International Economic and Political Affairs, by Japan's NIHON KEIZAI SHIMBUN on 29 August; place not given]

[Text] On 29 August Marina (Torikvenka), chief of the Asian Center under the Russian Institute for International Economic and Political Affairs and who visited North Korea in early August, gave an interview to Japan's NIHON KEIZAI SHIMBUN. During the interview, she said that North Korea's Kim Chong-il is not in good health, that the North Korean citizens are very afraid of South Korea, and that they seem to believe they would become slaves of South Korea if South Korea invades them.

Chief Marina (Torikvenka) graduated from the University of Moscow Department of Economics, majoring in the Korean economy. She has visited North Korea—nearly every year—since 1966 and is now writing a book entitled "North Korea Without Kim Il-song." The following is an interview between NIHON KEIZAI SHIMBUN and Marina (Torikvenka).

[NIHON KEIZAI SHIMBUN] What is the impression of your visit to North Korea?

[(Torikvenka)] Life seems to be very quiet for the citizens of Pyongyang and its suburbs. I had no problems at all in meeting relevant Foreign Ministry officials. I felt, however, that their dependency on China is increasing. A Foreign Ministry official stated that "the North Korean communist leadership will exist as long as that of China exists." This indicates that North Korea wants to depend on China due to the loss of its charismatic leader, the so-called Kim Il-song.

[NIHON KEIZAI] Are there any difficulties in citizens' life?

[(Torikvenka)] A situation exists in which you cannot use your car, even if you have one, due to the serious lack of gasoline. Also, North Korea has food problems due to heavy rain. Hotels are empty because very few foreigners come to North Korea. Only foreigners can go to restaurants. This is North Korea's reality. Also, Pyongyang is the only city where you see vehicles move.

[NIHON KEIZAI] Are there any signs of changes in the life of citizens?

[(Torikvenka)] There are foreign currency black markets in North Korea. There are two kinds of bills: One is "Inmin Won" used by ordinary people, and the other is "Purun Won" used for buying foreign-made goods at special stores. I exchanged dollars with "Purun Won," at a ratio of one dollar to 2.12 Purun Won. It seems that one "Purun Won" can be exchanged for 100 "Inmin Won" at black markets on the streets. Although this is a violation of the law, the government seems to ignore it.

People seem to believe that they will become slaves if South Korea invades the North, thus they are very afraid of South Korea. It seems that ordinary people have no

idea, and are not interested in, the foreign situation. I do not believe there will be a great deal of change in North Korea in the next three years.

[NIHON KEIZAI] It is known that there is something wrong with Kim Chong-il's health. Do you believe that the power transition to the Kim Chong-il system is being carried out smoothly?

[(Torikvenka)] According to information provided to me, Kim Chong-il is not in good health. I heard that he is suffering from a nervous disease [singyongsong chilhwan], as well as heart disease. The party, government, and Army have no objection to Kim Chong-il's power succession. Even China supports it. This is because if another person—other than Kim Chong-il—becomes successor to Kim Il-song, it will lead to political disturbance. I believe that the reason for North Korea's delay in announcing the election of Kim Chong-il as state president is because North Korea needs time to make people become thoroughly aware of the fact that the society will not change, even if Kim Il-song passed away. It is possible that North Korea will delay its formal announcement until the New Year.

[NIHON KEIZAI] Is North Korea expecting to improve relations with the United States?

[(Torikvenka)] They expect nothing from the United States. I believe that either public opinion in the United States or the U.S. Congress will not recognize U.S. Government economic support for North Korea. Eventually, the United States will not spend money, even if it makes statements regarding it. Therefore, I do not believe North Korea will expect something from North Korean-U.S. high-level talks.

[NIHON KEIZAI] It seems that Russia expects North Korea to use a Russian-model light water reactor. What do you think?

[(Torikvenka)] It is the most practical. There is nothing to expect from the United States. North Korea will never allow itself to depend on South Korea regarding nuclear energy. China hopes for other cooperation with North Korea, apart from the nuclear issue. It is the most possible scenario to use a Russia-model light water reactor based on funds provided by the Japanese Government.

[NIHON KEIZAI] It seems that Japan will not easily spend money as well. What do you think?

[(Torikvenka)] Maybe so, but this will serve as an opportunity for Japan to improve relations with North Korea. Kim Chong-il likes Japanese-made goods, as well as the Japanese songs. As a member of a younger generation, Kim Chong-il's anti-Japanese sentiment is less than that of Kim Il-song.

[NIHON KEIZAI] What do you think about North Korean-Russian relations?

[(Torikvenka)] Actually, Vice Russian Foreign Minister Panov expressed his intention to visit North Korea at the same time of my visit there, but North Korea declined. It seems that this is because Russian President Boris Yeltsin presented the Korean war-related documents to ROK President Kim Yong-sam while he was in Russia. This irritated North Korea. North Korea is important in view of Russia's national security, because it borders upon Russia. Russia should strengthen relations with North Korea in the area of the supply of nuclear technology.

ROK To Modify Policy on DPRK Citizens in Nation

*SK2808120194 Seoul HANGUK ILBO in Korean
28 Aug 94 p 1*

[By reporter Chong Hui-kyong]

[Text] The government is planning to allow the compatriots from China, who are illegally staying in the ROK because they have North Korean citizenship, to permanently reside in the ROK.

In this connection, the government is, therefore, planning to work out a detailed policy after having working-level consultations between agencies concerned, such as the Ministries of Foreign Affairs and of Justice.

On 27 August, one government official concerned said: "On 24 August, the Council for the Policy for Korean Residents Overseas decided, from a humanitarian and nationalistic point of view, to gradually open wider the door for the compatriots in China to permanently reside in the ROK. In conformity with this policy, the government has decided, first of all, to allow the compatriots with North Korean citizenship, who are now staying in the country, to acquire the ROK citizenship and reside permanently in the ROK."

In this respect, the compatriots who are illegally staying in the country because of their North Korean citizenship—such as Ms. Han Yong-suk, 51, and Ms. Yi Yong-sun, 55 (a related report on these people was carried on page 31 of HANGUK ILBO's 26 August, 1994, issue)—will be allowed to reside permanently in the ROK as soon as the working-level procedure, including the Foreign Ministry's revision of the relevant regulations concerning permanent residence, is completed. In case of the compatriots residing in China, the government has so far allowed only those who had done acts of merit for the national independence and their descendants to reside permanently in the ROK. It is estimated that at the moment, the number of the compatriots from China, who are illegally staying in the country because of their North Korean citizenship, totals about 100.

The government official said: "A considerable number of those compatriots from China, who are illegally staying in the country because of their North Korean citizenship, are considered to have entered the country only to make money for a certain period of time. Thus,

the government will issue permission after going through the procedure of sounding out their intention to reside permanently in the country."

He went on to say: "The question of opening the door, on an all-out scale, for the Korean-Chinese compatriots with North Korean citizenship—estimated to number about 50,000—requires an overall fact-finding study of how many of them wish to reside permanently in the country before the government makes an actual policy. Therefore, now is not the time to work out an earnest examination of this question."

It is learned: The government will not take a protective measure—such as the supply of resettlement funds provided by the government for those who defect directly from North Korea, including loggers, in accordance with the Law for the Protection of Defected Compatriots—for those from China with North Korean citizenship who have been allowed to reside permanently in the country.

Daily Reports on Sights Along Armistice Line

*SK2808135094 Seoul CHUNGANG ILBO in Korean
20 Aug 94 p 4*

[Sixth installment of the report on the 300-mile armistice line: Samjae Ridge in Inje; by Kim Yong-ki]

[Text] Some experts think the Korean peninsula has been able to actively maintain its vitality as a cradle of civilization for 5,000 years because of its strong spine and bloodstream.

The mountain range, which starts from North Korea's Mt. Paektu to Mt. Turyu in Hamgyong Province, Hwangcho Ridge in Pyongan Province, Chuga Ridge and Mt. Kumgang in Kangwon Province, and to South Korea's Mt. Sorak, Mt. Odae, Taegwan Ridge, Mt. Tuta, Mt. Taebaek, Mt. Sobaek, Mt. Songni, Mt. Togyu, and ends in Mt. Chiri, is the spine of the Korean peninsula. Some academicians call the range the great trunk of Paektu and think it is very significant.

North Korean Rivers Amnok, Tuman, Chongchon, Taedong, Yesong, and Imjin; and South Korean Rivers Han—which is joined by Namhan and Pukhan Rivers—Kumgang, Naktong, and Somjin are the bloodstream that spread out from the east and west of the great trunk of Paektu.

Looking at the map, it is amazing that the mountains and rivers solidly tie up our land just like the bones and bloodstream of a human body.

In Soraji, Sohwa Township, Inje County, the reporting team looked for the Military Demarcation Line that scars the spine of the great trunk of Paektu. It was right on the Samjae Ridge.

The stiff cliff between Musan mountains, which connects with Mt. Kumgang in the North, and Hyangno Peak, which connects with Mt. Sorak in the South, form

the Military Demarcation Line. The layers of mountains and hills connecting with the cliff are the Samjae Ridge.

Samjae Ridge inside the DMZ is not visible from the South side's limit line and we had to go to the guard post inside the DMZ with the help of the Army unit. When we headed for the DMZ, the metal noise of unlocking the gate of the double wire fence on the South side's limit line broke the silence and added to the suspense. The guard post is the very fore of the armistice line facing the People's Army.

The reporting team wore bullet-proof vests and steel helmets, and rode on a military jeep with a blue triangular banner to inform the North that we were from the press. A heavy-armed car with machine guns followed 10 meters behind us for security. On our way to the guard post 2.5 kilometers ahead, we found the soil inside the DMZ was distinctively red. To the north of the Military Demarcation Line and the South side's limit line, North Korea installed one more wire fence to prevent defection in addition to the North sides' limit line and dug the bushes to build observation towers and search paths. The sight was painful because it looked like sewing lines on the torn-off Korean peninsula with pieces of flesh taken away.

Looking through a periscope from the guard post at a deep valley the demarcation line crosses, we could see the dim sight of a reddish signboard marking the Military Demarcation Line.

First Lieutenant Im, 29, commander of a search platoon, made clear the existence of the Military Demarcation Line by saying: "A concrete plate—70 cm wide and 50 cm long—is hung on a two meter-high concrete post, a little taller than a man. On the southern side of the plate are two-line words written in black in both Korean and English which read "Demilitarized Zone," and on the northern side of the plate are one-line words written in Chinese characters only."

It seemed that the posts were standing in the intervals of 1 or 2 km apart. But, with the passage of 40 years, nobody has taken care of them. Some have fallen on the ground, and many others have been buried. Two or three lines of steel wires (not barbed wires) which had linked posts have been eaten away by rust in such a way as to make it hard to trace the existence of those wires.

Lieutenant Im laughed when he said that all citizens across the nation are mistaken in thinking that the 155 mile-long Military Demarcation Line goes without interruption from east to west.

Upon hearing this, we could see that the Military Demarcation Line, which was established right after the military Armistice Agreement was concluded in 1953, had lost its actual appearance [silche] either on the ground or in the water.

According to him, only the iron fence marking the South and North-side limit lines, which had been set up under

the excuse of guarding the Military Demarcation Line, has been further strengthened, and has highlighted the national division. Then, "Kim Il-song's memoir—With the Century" was being broadcast to the South side from a North-side guard post.

The broadcast was a sermon-style one which introduced the role the women played in the battle of the Haengju Mountain Castle led by General Kwon Yul [during the Hideyoshi Invasion which began in 1592], and the combat capability of women which Kim Il-song had experienced in the partisan guerrilla battles; and which urged women to make the same efforts as men are making in the economic construction.

After a 30 minute-long broadcast, the male voice said: "Today we have broadcast Chapter 13 'From the Road to Mt. Paektu' of Volume 5 of the memoir."

The guiding officer explained this, saying: "Kim Il-song's memoir is composed of volumes, chapters, and sections. It patterns after the Bible in terms of its construction of volumes, chapters, and sections, and is being recited to their residents."

Leaving the DMZ area, we came to a checkpoint near Wontong. As if shocked by the severed trunk of the great Paektu mountains, a mother in her late forties was wiping away her tears, while seeing off again her son, an Army private, to his unit after having had a brief mother and son reunion. By the way, we felt her quite different from a Korean mother of the past.

Minister Addresses U.S. Business Community

SK3008033994 Seoul THE KOREA HERALD in English 30 Aug 94 p 9

["Text" of speech by Kim Chol-su, trade, industry, and energy minister, to American Chamber of Commerce general meeting in Seoul on 29 August]

[Text] Let me begin by thanking American Chamber of Commerce for inviting me here this afternoon. Though I have had the pleasure of addressing your organization when I was assistant minister as well as commissioner of the Korean Industrial Property Office, this is my first such opportunity since becoming minister 18 months ago.

For the Korean government, the American Chamber of Commerce is our first and most important link to the American business community. We may not always agree with you, but we respect and value your effort to bridge the inevitable gap between government policy and the perceptions of expatriate businessmen. The feedback you provide us—especially in the form of your annual report—is carefully scrutinized by the Korean government. I would like to congratulate the authors of this year's report for their balance and objectivity.

The Korean government's relationship with the American Chamber of Commerce is very much a two-way

street. On occasions such as this one, the American Chamber of Commerce provides us with a most useful forum for communicating new ideas and policy initiatives to the American business community here in Seoul. That is what I propose to do this afternoon, and following my presentation I look forward to your comments and questions.

First, let me briefly review the recent progress of bilateral relations. With the continuing economic recovery in both countries, two-way trade is gaining momentum. In the first seven months of this year, Korea's imports from the U.S. increased by 12.2 percent over the same period of last year, and exports to the U.S. were up 6.7 percent. On the strength of this healthy performance, bilateral trade volume is expected to reach \$40 billion for the year as a whole, with the trade account more-or-less in equilibrium.

Among Korea's imports from the U.S., the fastest growing sectors include machinery, steel products, computers, semi-conductors, and agricultural products. Korea is exporting relatively fewer light industrial products to the U.S. than before, while heavy and chemical products are becoming more important.

In addition, U.S. investment in Korea increased again, following a decline last year. I would like to highlight an especially interesting change in the pattern of this investment. For the past thirty years, the manufacturing sector has dominated U.S. investment here, accounting for nearly 80 percent of the total. However, this year, the pattern has been dramatically changed, with the service sector accounting for 77 percent of U.S. investment and manufacturing only 23 percent. Financial services alone have taken 28 percent of the total, which is, I think, a resounding endorsement of our liberalization efforts in this sector.

By and large, the resumption of trade momentum is taking place against a background of generally harmonious trade relations. Of course, given such a huge bilateral trade volume, some disputes are bound to arise from time to time. Several months ago, two of the most widely covered disputes in the local media involved customs clearance of U.S. sausages and protection of trade marks. I am pleased to report that both of these have now largely been resolved through bilateral consultations.

A more recent—and as yet unresolved—trade friction concerns the opening of Korea's automobile market to imported cars. Last June, the Korean government presented a set of proposals to the U.S.-Korean sub-cabinet economic consultation. One key provision called for reducing the import tariff from 10 percent to 8 percent, which is actually less than the EU's tariff on car imports. Other provisions include simplifying the acquisition tax rates, eliminating the restriction on foreign investment in auto showrooms, and making it easier to advertise foreign cars on television. But perhaps the most important part of this package is a concerted program to

change the widespread negative perception of imported autos in Korea, which we believe is the main reason sales of car imports are so low in this country.

Not only should this package help resolve a trade friction, but it could also—if successful—increase the competitive strength of the domestic auto industry by making it work harder to secure its home market. I think this is a very good illustration of how the Korean government is responding to the globalization of the Korean economy with appropriate policy initiatives. Let me add that, even before this package was proposed, sales of imported cars have been rising this year, and the trend is expected to continue.

It is obviously important to identify and resolve trade frictions as quickly as possible. But it is even more important to identify and explore emerging opportunities in the U.S.-Korean economic partnership. Increasingly, that relationship is evolving towards what I have termed an "industrial alliance" based on the combination of U.S. technology and Korea's manufacturing base. I first proposed this idea when I met with Secretary Brown in April last year, and the two of us discussed it again at the APEC Ministerial Meeting last November in Seattle.

The economic rationale behind the concept is quite simple. Competitive trends are constantly shifting and changing course. Even the most acute analyst cannot predict the pattern of comparative advantage two or three years ahead. In specific industries, the time horizon may be even shorter. Korea's economy will continue to prosper only so long as Korean exports win favor in world markets. And that, in turn, depends to a large extent on the level of technology embodied in those exports.

Despite its best efforts, Korea is not able to compete in technology with countries like the U.S., Japan, and Germany. What we need to do instead is to cooperate with foreign partners in developing new products and commercializing technology. Korea's particular economic strength is its powerful manufacturing base, built up as a direct result of government development policies in the 1960s and 70s. In contrast to the other "little dragons" of East Asia—Taiwan, Hong Kong, and Singapore—Korean industry is characterized by large-scale manufacturing units. These are geared to the type and scale of production that U.S. firms increasingly seek to relocate off-shore. The level of Korean technology is quite impressive for a middle-rank industrial power, but by no means competitive with that of the United States. Korean firms thus have the ability to commercialize U.S. high technology in a way that Hong Kong, for example, could not. This makes for a natural affinity between Korean manufacturing strength and U.S. technological prowess.

To encourage more inward foreign investment, the Korean government last year announced a five-year foreign investment liberalization plan. While the plan is

not aimed specifically at U.S. investors, its emphasis on attracting high-tech investment should be particularly attractive to many American companies.

The plan is extremely detailed, and all I can do is merely summarize its general thrust, which is both to remove entry barriers and to provide investment incentives. Already, the vast majority of industrial sectors are open to foreign investment. The new plan will open up almost all the remaining ones. This is being accompanied by a drastic curtailment in the paperwork and time needed to receive foreign investment approvals.

The incentives to foreign investment consist of two types. The first are tax benefits aimed at attracting high-tech businesses, but available to other types of investors as well. Just last week, the Finance Ministry announced a new package of tax incentives. Probably most of you have already read the details, which were widely reported in Korea's English-language press.

The Korean government is also hoping to draw more high-tech investment by constructing two special industrial parks designed specifically to meet the needs of such investors. Long-term rentals at the parks will be at very favorable rates, and a variety of administrative and other benefits will be available to companies that choose to locate there.

The five-year foreign investment plan should be seen in the context of the current administration's overall deregulation policy. Altogether, the government has targeted more than a thousand regulations for revision or abolition. All kinds of official procedures affecting business are being drastically streamlined. President Kim has promised to make Korea "the best country in the world to do business," and has staked his government's reputation on that pledge.

We are convinced that the cumulative effect of these various changes will, in keeping with President Kim's objective, make Korea one of the most attractive countries to foreign investors. Nevertheless, I recognize that potential foreign investors have some legitimate reservations about setting up production facilities in Korea. Let me address two of the more serious ones. That first is the threat of labor turmoil. In the immediate aftermath of democratization, in 1987 and '88 there was an upsurge of labor unrest. As earlier noted, the resulting wage increases were far in excess of productivity growth, and this is one of the reasons Korea's international competitiveness weakened in the late 1980s. Since then, wage rises have moderated considerably, and the general tenor of the Korean labor movement is much more responsible today than just a few years ago. Political democratization has done much to deradicalize the movement and return it to the mainstream of Korean society.

Last year, for example, representatives of Korea's central labor union and employers' federations successfully negotiated a wage guideline for the first time in Korea's modern history. This year the agreement was renewed on similar terms.

Another widespread concern relates to Korea's protection of intellectual property rights [IPR]. In the past, to be sure, Korea did not fully recognize the importance of intellectual property rights. But in recent years, Korean industry has been spending vast sums on research and development to build up its own stock of intellectual property. This has led to a heightened awareness of the importance of protecting intellectual property rights, resulting in a steady stream of new legislation on the subject. In 1993, a new Trade Secrets Protection Law was implemented, and the National Assembly approved legislation for protection of semiconductor layout designs, which was implemented late last year.

Also in 1993, the National Assembly amended the Customs Tariff Law, the Computer Program Protection Law, and the Copyright Law. These amendments are aimed at, among others, combating computer software as well as sound and video recording piracy.

Complementing this legislation, the Korean government has undertaken unprecedented large-scale enforcement activities to eradicate IPR infringement. To coordinate these efforts, the National Prosecutor's Office has established an investigative headquarters, staffed by personnel drawn from various agencies. At the local level, regional investigative task forces have been set up at all District Prosecutor's Offices.

To provide practical support for the industrial alliance, the U.S. and Korea have established the Industry Advisory Group on Industrial Cooperation. This will consist of nine industry-specific sub-groups, of which six are now operative. The semiconductor and computer sub-groups have already met and agreed on a framework for cooperation. The sub-group on environmental facilities is expected to do likewise when it meets next week.

On its own initiative, the Korean government set up the Korean-U.S. Foundation for Industry and Technology Cooperation last January. In the first year, it was funded at \$4 million—\$1 million from the Korean government and \$3 million from the private sector. By 1997, its funding level is expected to rise to \$20 million. We are hoping that the U.S. will establish a counterpart entity, though Washington has not so far committed itself.

The Foundation is presently promoting industrial cooperation programs such as introduction of U.S. technology to Korean small-and medium-sized companies, feasibility studies of Korea-American industrial cooperation, and exchanges of technical man-power. The Foundation also supports the holding of Korea-U.S. technology markets (technomarts) and seminars to further technology information exchanges and consultations between the two countries.

Its most ambitious effort so far has been to help finance technology cooperation projects between U.S. and Korean companies in five industrial sectors—computers, medical equipment, telecommunications,

environmental facilities, and automobiles. This is being done through provision of loans at 3

annual interest to the Korean companies and the volume of funding will be steadily increased.

Before concluding, I would like to say a few words about the new World Trade Organization and my campaign for director-general of that body. As you know, the WTO, which will come into being on January 1st next year, is one of the most important changes to come out of the GATT Uruguay Round [UR]. The TWO will be, in a sense, a "super-GATT"—stronger than its pre-cessor and much better equipped to enforce the rules of world trade in the post-Cold War era.

The new TWO system is likely to benefit U.S.-Korean economic relations in several ways. The inclusion of new areas such as service and agriculture in the new agreement will certainly have a positive impact on our bilateral trade. Also, the strengthened IPR code should further help to reassure American investors that their intellectual property will be safe in Korea. I am especially hopeful that the new dispute settlement procedure will help our two countries resolve their trade disputes much more smoothly than in the past, thus improving the overall climate of economic cooperation.

The Korean government will make every effort to ratify the UR/final accord, which we signed in Marrakesh, as quickly as possible. It submitted the Marrakesh agreement to the National Assembly last June for their consideration and ratification. I am sure that this process will be completed before the end of this year.

The Korean government has done me the honor of placing my name in nomination to head the WTO as its first director-general. I am likewise honored that the American Chamber of Commerce has formally endorsed my candidacy, and I would like to thank you very much for your support. In Korea, as you know, we are taught to be reticent about discussing our personal qualifications. Let me just say that almost all of my professional life has been devoted to trade policy and trade negotiation. I leave it to others to judge how successful that career has been. Among the other candidates, both developed and developing countries are represented. Korea is also a developing country. But I think my background may be unique among this outstanding field in the range of my experience and contacts in both groups of countries.

However, I don't mean to give a campaign speech—particularly as I already have your endorsement. What I mainly hope to have accomplished this afternoon is provide a general outline of how the Korean government sees the future of industrial cooperation between our two countries. Government can offer encouragement and, more practically, modest amounts of seed money. But the success or failure of individual projects, as of the overall concept, depends largely on the efforts and initiative of the private-sector—meaning, of course, creative, energetic business people like yourselves.

Thank you for your time and attention.

Government, Russia To Resume Debt Payment Talks

SK2808021394 Seoul THE KOREA HERALD in English 28 Aug 94 p 8

[Text] Korea and Russia will resume talks on Russia's debt payments in kind, including military hardware, in Moscow Aug. 29-Sept. 2, the Korean Ministry of Finance said yesterday.

The bilateral talks will focus on overdue principal and interest payments on \$1.47 billion loans, which amounted to \$387.5 million at the end of last year, and a list of products Russia is willing to offer as payments.

"We will limit our talks to the payment of \$387.5 million overdue at the end of 1993," said a ministry official. "We will discuss all payment means possible, including payment in kind."

Payment in kind could include helicopters for civilian use and military hardware, the official said. It is the first time the Korean government has said it would accept military hardware which Russia has proposed as part of debt payments. For negotiations with Russia, Seoul will send a large delegation to Moscow today.

The 19-member delegation, which will be headed by Sin Myong-ho, second assistant minister of finance, will include officials from the Economic Planning Board, the Ministry of Foreign Affairs, the Ministry of National Defense, the office of supply and creditor banks as well as the Ministry of Finance.

M.E. Fradkov, vice minister of foreign economic relations, is scheduled to lead the Russian team. Negotiations will be based on earlier discussions between the Korean Ministry of Finance and the Russian Ministry of Foreign Economic Relations.

The Korean-Russian talks made no headway in March this year when Fradkov said it was difficult to offer better terms to Korea than those it had agreed on with the Paris Club of advanced creditor nations in April 1993. He requested that Korea reschedule debt payments due in 1992-93 as the Paris Club had done. But the Korean delegates declined the Russian request on the grounds that Korea is not a member of the Paris Club, which had agreed Russia would make overdue debt payments in installments in five years after a two-year grace period.

In an effort to break the stalemate, the Korean government sent Chong Tok-ku, director-general for economic cooperation at the Ministry of Finance, to Moscow on a fact-finding mission in June.

On his return from his Moscow visit, Chong said Russia was expected to offer as debt payments helicopters for civilian use, a wind tunnel system for aircraft aerodynamic tests, machinery, steel products, bituminous coal,

refined copper and other materials. He said Russia wanted to solve the issue of overdue debt payments at an early date to prevent it from becoming a stumbling block to expanding bilateral economic relations.

Korea extended a \$1.47 billion credit to the former Soviet Union in 1991 in return for diplomatic relations established in 1990—\$1 billion in bank loans and the rest in commodity loans.

Russia, which said it would share debt payments with other republics when the Soviet Union collapsed in December 1991, later agreed to hold itself solely responsible for the payment of the entire debt.

DP, NDP Discuss Merger Prior To Assembly Opening

SK3008054794 Seoul YONHAP in English 0509 GMT 30 Aug 94

[Text] Seoul, Aug. 30 (YONHAP)—The main opposition Democratic Party [DP] and minor New Democratic Party [NDP] are engaging in full-fledged discussions on merging before the regular National Assembly session opens Sept. 10. The merger plan stems from their recognition of the need to unify opposition forces before local autonomy elections next year.

Under the scheme, Rep. Son Se-il of the DP and Rep. Pak kyu-sik of the NDP are reportedly continuing to negotiate a unified party leadership system and their respective shares within the party.

DP Chairman Rep. Yi Ki-taek told reporters Monday [29 August] that an opposition merger "might be declared" within 10 days. He made the comments while in Mokpo city, South Cholla Province, to attend a party training program for DP Youth Committee members.

With regard to the future status of NDP Co-chairmen Reps. Kim Tong-kil and Pak Chan-chong after the merger, Rep. Yi said that "I am ready to give the NDP all it asks for," indicating that the main opposition party would fully accept the conditions set forth by the smaller party.

Political sources say both parties' leaders are seeking detailed discussions by first setting up a working organization after a joint declaration of the merger.

If this declaration is indeed made, splinter New Korea Party Leader Rep. Yi Chong-chan is expected to cast his party's lot with the newly integrated party, the sources forecast.

The two parties have reportedly narrowed their differences over the leadership system and the sharing of the new party's local chapters.

Other party sources revealed that Yi Ki-taek and Kim Tong-kil would become its joint representatives with seven to eight supreme members placed under the top

leadership. However, there are still disputes within their parties regarding the programs and many members feel a sense of alienation.

Ministry of Finance Seeks To Improve Image

SK3008031094 Seoul THE KOREA TIMES in English 30 Aug 94 p 9

[By staff reporter Yi Chang-sop]

[Text] Finance Ministry [MOF] officials are studying ways of freshening what they call the distorted public image of the ministry.

In a meeting last week with directors general and assistant ministers, Minister Hong Chae-hyong was quoted as having said that public criticism of MOF personnel has not subsided.

Participants quoted Hong as having said that it is not the clerks and junior officials, but senior officials who are criticized for being unkind, closed and inhospitable. He was said to have told his deputies to come out with a systematic program which will help MOF personnel become more kind and open to the public and which will also eradicate the distorted image of the ministry.

The minister's instruction came because despite the steady implementation of the financial reform program, parts of which are being implemented ahead of schedule, bankers, brokers, insurers and other outsiders have aired the views that MOF officials are "conservative, dogmatic, closed and unkind to outsiders."

A Seoul broker said that despite the financial reform, they (MOF personnel) have changed little, saying the MOF tries not to lose control. MOF officials also do not enjoy the good opinion of their colleagues from the other ministries and agencies. Many foreign insurers appear to have a low regard for the MOF, which frequently intervenes in the stock market.

In a recent farewell meeting, a British diplomatic described the MOF as the "Prince of Darkness," in apparent reference to the frustration Western diplomats and executives face in dealing with it.

The ministry is under fire for "promoting the interests of its personnel." Labor unions of financial associations, regulatory agencies and financial services firms criticize the MOF for making retired officials as their executives.

Professors who have a record of criticism of the ministry, are unable to become "coveted but unpaid" advisers to the MOF. These advisers sometimes monopolize research commissioned by financial institutions.

Retired MOF officials who are working at private financial institutions, are often categorized as members of the "MOFia." Unless this MOFia club is disbanded, the ministry can not push for a neutral and speedy development of the backward financial market, a Seoul professor said.

MOF officials are also viewed as "interventionists who believe they can micromanage the world's sixth largest insurance market, seventh largest leasing market, and 15th largest stock market."

At least since the launch of the Kim Yong-sam administration, there are few signs that the ministry has failed to honor its public commitments to financial market-opening and liberalization. But many Western observers are still skeptical about MOF officials who had "habitually" delayed, revoked and reversed previous commitments about financial market-opening in the past.

MOF officials say the Finance Ministry has to play the role of "housewife" or budget keeper in the government. They say officials of other ministries criticize the MOF when it is unable to meet all of their requests, because they affect the nation's monetary, foreign exchange and other macroeconomic policies as well as inflation.

Naturally, financiers will blame the MOF because MOF officials cannot accommodate all of their individual requests, an MOF official said.

They said many of junior MOF officials are worried over their future because they can no longer work at private financial institutions upon their retirement. Slow promotion is one of the significant factors that depress MOF officials.

As a way of polishing its negative image, the ministry is considering encouraging its personnel to make an appointment when guests want to visit them.

Not all outsiders lash the MOF officials. U.S. Treasury and other government officials, including those at the embassy in Seoul, do not hesitate to praise the MOF and its officials for their commitment to financial reform.

NSP on Printed Material Distributed by Activists

SK2708023994 Seoul YONHAP in English 0222 GMT 27 Aug 94

[Text] Seoul, Aug. 27 (YONHAP)—A total of 105 varieties of printed materials were distributed by activist groups in July, the Agency for National Security Planning (NSP) said Saturday.

The NSP said that leaflets attempting to stir up pro-Pyongyang and anti-government struggles and advocating violent labor strife were distributed in great quantities, with many concerning the death of North Korean leader Kim Il-song on July 8 and the government's investigation of Hanchongnyon (the Korean Federation of University Student Councils) last month.

The materials, produced by 62 activist organizations including four underground groups, consisted of 47 types by 28 student groups, 35 kinds by 21 labor organizations and 23 varieties by 13 dissident and other groups.

By region, Seoul topped the list with 64, followed by Taejon with 14 and Kwangju with 10, according to the NSP.

Distribution of the printed materials was concentrated in the period between July 9, the day after the death of Kim Il-song, and July 20 when a memorial service was held in Pyongyang. During the cited period, 88 kinds, including wall posters, about Kim's death were made by 43 universities and four organizations including Hanchongnyon.

They comprise 24 mourning Kim's death, 17 demanding that a condolence delegation be sent and one urging that a memorial altar be set up, while six welcomed his passing and five just reported the news.

In addition, 30 different leaflets addressed such unification issues as the postponement of the scheduled summit between South and North Korea and five discussed the issue of settling peace.

"Most of the printed issues blame the government and incite its overthrow concerning the investigation of 'chusapa,' followers of Kim Il-song's 'chuche' (self-reliance) ideology, mourn the death of Kim and propagate the hereditary power transfer system of North Korea, and criticize the government policy on Pyongyang's nuclear program," an agency official said.

He added that leaflets opposing the ratification of the Uruguay Round accord, demanding the withdrawal of U.S. Forces in South Korea, supporting North Korea's Koryo confederation unification policy, and urging the repeal of the National Security Law and the establishment of a socialist party continue to appear.

University President Clarifies Remarks on Chusapa

SK2708091794 Seoul SEOUL SINMUN in Korean 26 Aug 94 p 3

[Question and answer session held between Pak Hong, president of Sogang University, and four panelists: Yu Cha-hyo, commentator of SBS; Yi Yong-il, chief editor of KBS; Chu Song-chun, commentator of MBC; and Han Yong-sang, director of editorial department of CBS, hosted by the Yoido Club, a coterie of senior broadcasters, held in Cosmos Hall of the 63 Building in Yoido, Seoul on 25 August, compiled by reporters Pak Tae-chul and Kim Kyun-mi: "The Problems and Remedy of Chusapa"]

[Text] [Pak Hong] Before you ask me a question, I would like to clarify the issue of the confession made in the sacrament of penance, which has been misunderstood by some. Some people are casting a suspicious look at me as if I disclosed what I heard in the sacrament of penance, but this is not true. Penance is given to a Catholic confessing his or her sin and asking for forgiveness. The confession made by a non-Catholic to a Catholic priest is not a confession for penance. I have never disclosed what I heard in penance, nor will I do so in the future.

[Panelist] What is your definition of chusapa [pro-DPRK's chuche ideology supporters], and do they pose a threat enough to overthrow the South Korean Government?

[Pak] As a large cow can die from a few germs, so can the chusapas, who abandon human ethics, and can pose a threat to our society, though they are small in number. It is regrettable that people are not aware of how seriously the poison called chusapa has spread in our society. Why do I take all the responsibility that the press and the prosecutors should take? Do not ask me what to do but ask yourself the same question.

[Panelist] What is the reason behind you changing your remarks on chusapa with the passage of time?

[Pak] I have never changed my remarks. A change, if any, could have been made if some press members distorted my remarks. I hope they will improve the quality of their reporting.

[Panelist] How many chusapa members do you think there are in various circles of society?

[Pak] According to my estimates, there are some 13,000 to 15,000 of them, including college students and those who graduated from college and advanced into society. Considering that the chusapa consisted of at least about 20 leading members of the student council of each university, including the chairman of the general student council, each year from 1987 to the present, they add up to this figure. All of them are not bad chusapa. Some of them realized they made a mistake in becoming chusapa and deserted it. A considerable number of these good young men went into the political, business, and journalism circles. When I said that there are 750 chusapa men in the political circles, I meant not only the opposition but the ruling parties, as well.

I hope this will also become an opportunity to provide businessmen with a program and device to help them see communism first hand and see through its falsity. The student delegates of Seoul and Pyongyang ought to be given opportunities to meet through legitimate procedures and see each other's reality in order to overcome the heterogeneity between them.

[Panelist] To be a little cynical, the confusion brought about by President Pak's chusapa remarks is like a commotion over a scarecrow, is it not?

[Pak] The older generation tends to overlook the root of the problem but beat around the bush talking only about the stalk. The ill can only be healed when the older generation participates.

[Panelist] How did you come to know that some people have become professors in university with scholarship funds provided by North Korea? Can you disclose who they are?

[Pak] North Korean officials stationed in Berlin and Vienna are engaged in that operation. Everyone studying in Europe is well aware of it. I cannot disclose who those professors are.

[Panelist] Do you not intend to resign taking responsibility for the repercussion your remarks have caused in the society?

[Pak] Do not ask that sort of question but ask a question about how to educate the chusapa kids.

[Panelist] There is a rumor that, speaking at a training meeting in Kyonggi Province in 1989, you said you had been to North Korea.

[Pak] I have met many who have been to North Korea, and have participated in many international seminars.

Archdiocese Denies Charge on University President

SK3008093894 Seoul YONHAP in English 0800 GMT 30 Aug 94

[Text] Seoul, Aug. 30 (YONHAP)—The Catholic church's Seoul archdiocese has indirectly denied the charge that Sogang University President Pak Hong leaked confessions he heard as a priest when he commented on the infiltration of chusapa, followers of Kim Il-song's *chuche* (self-reliance) ideology, into political, labor, academic and religious circles.

In a statement issued Tuesday, the Rev. Yom Su-chong, secretary-general of the archdiocese, said the church does not consider president Pak's remarks a disclosure of confessions, warning that charging him with divulgence of confidential confessions is dangerous and could disgrace a sacrosanct rite.

Confessional secrets cannot be disclosed by confessors and the priests who hear them, and third persons who have no idea of a confession's content cannot make any complaints against a priest regarding the confessions he hears, the statement said.

The Rev. Yom released the statement in response to an allegation that President Pak disclosed confessions he heard, filed by laymen with the archdiocese last Thursday.

The material these laymen presented as evidence of their charge has no power to verify it, the statement said.

The Rev. Yom said that although President Pak has repeatedly stressed that his chusapa remarks have nothing to do with confessions he heard, the press and some laymen maintain that he has leaked confidential confessions: Yom warned that complaining about President Pak's handling of confessional secrets on the basis of remarks by public prosecutors and lawmakers who have reportedly met Pak could stain the confession rite which is sacrosanct in the Catholic church.

Some journalists and a few believers have made an issue of the church's confessional secrets by expanding the scope of such secrets, misleading many people and believers and causing them to worry about the church, he said. "This is very regrettable."

An official of the archdiocese said the statement was an expression of regret over the charge filed against President Pak for alleged disclosure of confessional secrets and was "not directly related to support of his chusapa remarks."

Won-Dollar Exchange Rate Lowest Since May 1993

SK3008071194 Seoul YONHAP in English 0643 GMT 30 Aug 94

[Text] Seoul, Aug. 30 (YONHAP)—The Korean won gained to trade at 801 per U.S. dollar Tuesday [30 August], its strongest level since May 18 last year when it stood at 801.90 won.

The Korea Financial Telecommunications and Clearing Institute said that the basic won-dollar conversion rate was set at 801.60 Tuesday, compared to 802.10 won per greenback on Monday.

The rate remained at the 800-won level on May 14 last year with 800.30 won and moved to 801.70 won on May 15 and 801.90 won on May 18, hitting a record 808.10 won at the end of last year.

The institute attributed the won's surging value to the inflow of large amounts of foreign exchange in month-end export negotiating money and stock investment funds, analysts said. Last Thursday, Daehan Investment Trust Co. launched a 60-million-dollar fund for foreign investors.

A strong won has an adverse effect on the nation's exports, as export prices valued in won fall.

Kim Chol-su Interviewed on WTO Directorship

SK3008010994 Seoul THE KOREA TIMES in English 30 Aug 94 p 1

[Report on "exclusive interview" with Kim Chol-su, minister of trade, industry, and energy, by staff reporter Choe Won-sok; place and date not given]

[Text] "The growing influence of developing countries in the world economy is giving me great help in my campaign for the director general post of the WTO (World Trade Organization), said Minister of Trade, Industry and Energy Kim Chol-su.

Kim, whom the Korean government nominated for the most powerful post of the WTO in March, is one of the four bidders who are now officially competing for the directorship.

The three other contestants are Mexican President Carlos Salina, former Italian Trade Minister Renato Ruzziero who is now serving as director of Fiat, and Brazilian Finance Minister Rubens Ricupero.

Among the four contenders, Salinas is considered likely to be elected to head the WTO as the United States is sure to raise its hand for him even though it is now appearing indifferent to the race.

A graduate of Harvard University, Salinas has been supported more than any other Mexican government leader of the past and present by the United States. Besides his pro-American policy, Mexico is a member of

the North American Free Trade Agreement (NAFTA) along with the United States and Canada.

In an exclusive interview with THE KOREA TIMES, Minister Kim said, "I'm more confident than before that my chances of winning the director general post in the WTO are not so remote as they appeared when I was named the candidate by the government."

He based his confidence on the general consensus of developing countries that the director general of the WTO should be chosen from their group as the post has been monopolized by the European Union [EU], with support from the United States, since the General Agreement on Tariffs and Trade (GATT) was established in 1947.

To curry support in his bid for the general directorship of the WTO, the most powerful watchdog on international trade, he had already visited the United Kingdom, Geneva where the GATT is located and GATT envoys are assigned, and the Association of Southeast Asian Nations (ASEAN)—Malaysia, Indonesia, the Philippines, Thailand, Singapore and Brunei.

Last week, he also visited Japan. He plans to make trips to the United States, India and Pakistan early next month.

"I had good responses to my candidature from British government and business leaders and GATT envoys in Geneva during my visit although the United Kingdom and Geneva are the cradle of the EU," Minister Kim said.

He said they were convinced by his argument that the director general post of the WTO should go to someone from a developing country for the harmony of the world economy.

"Most ASEAN government and business leaders, whom I met with, enthusiastically supported my challenge on the ground that the time is ripe for developing countries to play a more active role in the world economy," he said.

He revealed that they promised their full support for his bid and said Korea is eligible to take the director general post of the WTO in consideration of its brilliant economic development.

"They are of the opinion that Korea is most qualified to impartially play a mediating role between developed and developing nations," he said.

The director general of the WTO is scheduled to be chosen within the year through the coordination among the 123 member countries of the GATT.

With the settlement of the Uruguay Round of multilateral trade talks in December last year, the WTO will go into operation next year supplanting the GATT.

The general director of the WTO is generally expected to wield power far greater than his predecessors in the GATT.

The Uruguay Round, which was initiated by the United States in 1986 to create a freer global trade order, includes all non-industrial commodities in global merchandise trade as stipulated by the GATT.

Among the new entries are intellectual property rights and services.

Minister Kim conceded that Mexican President Salinas is leading the race for the director general post of the WTO in consideration of his name value and the fact he is more or less backed by the United States. But he ventured a slight but plausible hope with his Korean supporters that he will win the race in case the United States and the EU fail to compromise on a single candidate.

"The split between the United States and the EU will help me be elected to the director general post of the WTO with support from developing countries as well as from Japan," he said.

As for the personal qualifications needed to become the first director general of the WTO, Minister Kim is as competitive as Mexican President Salinas. Even many foreign dignitaries consider him more competitive than Salinas in handling international trade affairs.

Minister Kim graduated from Tufts University in the United States in 1964 where he majored in political science. He went on to pursue graduate studies at the University of Massachusetts where he earned a doctorate in political science.

In 1973, he joined the Ministry of Trade and Industry, starting his bureaucratic career in trade affairs and trade negotiations. He has chaired the MTN (multilateral trade negotiation) Negotiating Group of the Uruguay Round, which testifies to his good reputation in international society and excellent command of English. He is known as the Korean government official most trusted in world trade forums because of his sincere, honest and patient handling of issues. He was behind the successful conclusion of the Super Section 301 trade disputes between the Korea and the United States in 1989 when he took part in the most grueling negotiations as assistant minister of trade and industry.

The solution of the conflict helped Korea evade the severest trade retaliation from the United States threatening to resort to the Super 301 provision of the 1988 strong protectionist omnibus trade act.

During the negotiations at the time, what he said at the table was accepted as it was by U.S. government officials. He is still highly esteemed by the U.S. administration.

Whoever is elected, his race for the director general post of the WTO has already enhanced the role and image of

Korea in international society as even Japan, an undisputable economic super power, was unable to enter its own candidate.

President Urges Cooperation To Pass Trade Bill

SK2808021594 Seoul THE KOREA TIMES in English
28 Aug 94 p 2

[Text] President Kim Yong-sam yesterday called upon ruling party leaders to exert efforts to see to it that the National Assembly ratifies the Uruguay Round [UR] agreement during its 100-day regular session starting in mid-September.

He said there is no reason to delay ratification, saying that the launching of the World Trade Organization (WTO) will help ensure the streamlined flow of goods throughout the world.

"The WTO is essential for the further nation's economic development and openness," Kim told Democratic Liberal Party [DLP] Chairman Kim Chong-pil and three other key party office-holders.

Major DLP post-holders besides chairman Kim at the meeting were secretary general Mun Chong-su, floor leader Yi Han-tong, chief policymaker Yi Se-ki, and So Chong-won, state minister for political affairs.

Meantime, the opposition Democratic Party, has threatened to block ratification of the UR accord, riding on the crest of farmers' opposition to the new world trade order. The party argued that the Uruguay Round accord will only accelerate the collapse of the nation's rural economy.

In the handling of the bill, the ruling party leaders were told to exert every possible effort for passing the accord democratically without trying to force it through unilaterally.

They were also told to engage in dialogue with the opposition camp to win their support by accenting the fact that the new trade order will not necessarily work against the interests of farmers.

President Kim took note of the fact that the government is planning to invest 1.3 trillion each year in the nation's farming industry to help it cope with the expected inflow of foreign farm produce under the new trade order.

President Kim noted that China is pushing for its entry into the world trade body, even enlisting help from Seoul, according to Chongwadae [presidential offices] spokesman Chu Ton-sik.

Recalling the concerted efforts by farmers, officials, and military personnel in overcoming the severe drought that hit the nation in this summer, the Chief Executive called on the party to come up with a solution to the farming water shortage fundamentally.

The President also called upon party leaders to support the administration's efforts in drawing up a surplus

budget next year, accenting, "The party and the administration must cooperate in the course of Assembly deliberation on the 1955 budget."

The ruling party earlier demanded that the government should increase spending even at the expense of exceeding revenue, arguing that massive investment in social overhead facilities such as highways and ports.

President Kim warned against any pork-barrel projects by legislators in the deliberation of the budget.

Stressing the need for the passage of an amendment to the Fair Trade law during the regular House sitting, Kim noted, "Without the revision, the concentration of economic power will only be intensified with many social and economic problems developing."

Touching on private firms voluntarily cutting prices of manufactured goods, President Kim said, "It is plausible."

He ascribed the action to, in part, his decision not to receive "political donations" from the business circles.

The Chief Executive also called for cooperation by the Assembly to approve the appointment of seven new judges to the Constitutional Court to replace those whose terms expire on Sept. 15.

With regard to the recent reshuffle of key DLP post-holders, Kim said it is time that the political parties set the example for reform.

Gap Seen Growing Between Large, Small Industries

SK3008014794 Seoul THE KOREA HERALD in English 30 Aug 94 p 8

[Text] While Korea is enjoying a long-awaited economic boom, the widening gap between the nation's heavy and light industries and between large and small businesses has become so serious as to threaten the economy's health.

On the one hand, large business groups, armed with dominant human and financial resources, are going all-out to expand their existing business domains and diversify into new ones, capitalizing on Kim Yong-sam administration's policy to deregulate and privatize the domestic industry.

Smaller companies, sidelined by bureaucrats and cold-shouldered by financial service firms, are falling by several dozen a day, on the other hand.

While heavy and chemical industries are flying high on the crest of the global demand boom, light industries are finding it difficult to maintain their very existence.

Government officials say that there are always shadows that follow lights and that they can no longer prolong the survival of marginal businesses with people's taxes.

Some analysts, however, say that something should be done to rectify the extreme imbalance between different industrial sectors, or the ongoing boom will end up as crippling the overall industrial structure, instead of strengthening Korean industry's international competitiveness.

According to the Bank of Korea figures, Korea's manufacturing output rose 10 percent in the year's first half from a year ago, much higher than the nation's GNP growth rate of 8.5 percent, in what bank officials described as "sound economic growth led by manufacturing."

A careful look at the central bank tally, however, reveals that while the heavy industries grew at a dizzying pace, the light industries' portion has been dwarfed in relative terms.

It showed output by heavy industries soared by 13.1 percent in the first six months, while the growth of their lighter counterparts remained at 2.1 percent. Textiles, garment and footwear industries continued to record negative production increases over the cited period.

In the first quarter of this year, manufacturing industries accounted for 33.2 percent of the gross domestic product (GDP). Heavy industries contributed 32.2 percent, with the negligible 1.0 percent coming from light industries. GDP is a nation's total output of goods and services, less income from abroad.

The GDP contribution ratios in the second quarter were 35.6 percent from heavy industries and 3.0 percent from light industries, respectively.

These figures show that light industries as a whole contributed to the GDP less than even a single heavy industry, such as transportation equipment or electronics, which accounted for between 5 and 10 percent of the GDP.

The plight of light industries are reflected in the massive corporate failures of their major players—small and medium enterprises.

Currently, the large business conglomerates, or chaebol, are engrossed in corporate hunting amid the government's privatization of public corporations, as well as mapping out massive investments into infrastructures, triggering concerns about overlapping investments.

In contrast, 4,943 small businesses went bankrupt in the first six months, or 27 a day. The corporate failure ratio, ranging between 15 percent and 17 percent, far exceeded the levels of the same periods in 1992 and 1993, when the economy hit the bottom.

Korea's large conglomerates have monopolized bank loans, while small companies have been shunned for lack of the collateral and credit. This has led the small companies to resort to the high-cost curb market to meet shortfall in operating funds.

The government, every now and then, directs the banks to ensure certain portions of their total lending for the smaller businesses but the directive means almost nothing when it arrives to bank counters, at which the officials demand excessive collateral for loans.

Behind the bullish macroeconomic picture led by brisk manufacturing and exports, the nation's overall industrial structure is losing its balance beyond cure, said the analysts.

It's like a tree with flourishing branches but its roots thinning or a dinosaur heavy in trunk but with little flesh, as described by an analyst. Unless quick remedial steps are taken, the country will soon be importing all daily necessities with the export money from ships, cars and semiconductor chips, the analyst said.

Cars Most Recognized Korean Product in World

SK3008061994 Seoul YONHAP in English 0609 GMT
30 Aug 94

[Text] Seoul, Aug. 30 (YONHAP)—Passenger cars are the most recognized Korean product in the world market, the Korea Trade Promotion Corp. (KOTRA) said Tuesday [30 August].

KOTRA questioned 817 foreign buying agents who visited South Korea last year and discovered that 21.9 percent pointed to passenger cars as the most recognized Korean item in the global market. Some 16.9 percent cited color televisions, while 15.3 percent mentioned polyester yarn and textiles.

Asked what difficulties they had encountered in doing business with Korean firms, 23.9 percent complained that Korean companies demand large minimum orders and 23.7 percent cited the language barrier. In addition, 21.4 percent mentioned the strict payment conditions as a major difficulty.

Their biggest concern in trading with Korea was the reliability and credibility of Korean suppliers, cited by 66 percent of those questioned.

Hyundai Motor Leads Industry in Research

SK3008025894 Seoul THE KOREA HERALD
SUPPLEMENT in English 30 Aug 94 p 2

[Text] Since its foundation in 1967, Hyundai Motor Company has solidified a leading position in Korea's automobile industry over the past 27 years through the application of the latest technology and development of its own models.

With the start of exports to South and Central America in the 1970s, Hyundai's cars have succeeded in achieving international competitiveness thanks to their outstanding performance and safety as well as reasonable price.

Indeed, Hyundai's cars were recently selected by car buyers as "The Best Car" in over 140 countries in the

world, including the U.S. and EU, attesting to their popularity and positive reception.

With the start of the "Sonata II" sedan and continued strong reception of the "New Grandeur" deluxe model last year, Hyundai dominated the medium to deluxe segments of the domestic passenger car market with the top three selling models. Moreover, Hyundai was able to make remarkable gains in the domestic commercial vehicle market.

In the export sector, thanks to the steady technology development and penetration of new markets, Hyundai achieved sales growth of 24 percent, playing a leading role in lifting Korea's automobile exports last year.

Nineteen ninety-four is the first year of Hyundai's ambitious plan to become one of the top automobile manufacturers in the world by the 21st century.

Hyundai Motor's business targets for this year are to produce 1.15 million units, including complete knock-downs (CKD) and sell 740,000 units at home and 410,000 units abroad for total sales valued at 8.5 trillion won. This reflects an 18 percent increase from last year in value while a 20 percent and 17 percent increase in domestic and export sales are projected, respectively.

Also, the company plans the timely introduction of two new models this year, a subcompact model and a medium deluxe model, maintaining the dominance achieved in these segments last year.

Hyundai Motor plans to invest 7 percent of total sales in technology development over the next 10 years to overcome the difficult technological challenges that lie ahead, such as the development of high performance engines and hi-tech electronic systems. Despite these challenges, however, the company plans to go all out to rapidly develop its own technological strengths.

Hyundai Motor Co. has been producing various types of automobiles including passenger cars, trucks, buses as well as special-purpose vehicles. In 1994, Hyundai Motor sold 965,740 units, up 14.3 percent over 845,222 units sold in 1992. The number of passenger cars accounted for 80.9 percent of total sales, amounting to 781,239 units, while that of commercial vehicles accounted for the remaining 19.1 percent with 184,501 units.

In 1993, the domestic automobile market expanded to 1,428,157 units, of which passenger cars accounted for 67.65 percent with 966,299 units, commercial vehicles for 389,225 units or 27.25 percent and sport-utility vehicles (SUV) for 72,703 units or 5.1 percent.

During the year, Hyundai Motor sold 616,323 units in the domestic market, to command 43.2 percent of the market, which corresponds to an annual growth rate of 9.9 percent in terms of output over 1992. Despite the expanding SUV market and continued growth of the light vehicle segment, Hyundai Motor's market share is

largely ascribable to Hyundai's aggressive R&D investments for new models as well as higher level of technology.

Hyundai Motor sold 443,599 units of passenger cars in the domestic market, meeting 42.7 percent of total domestic demand, which amounted to 1,038,932 units in 1993. As this figure is inclusive of the number of SUVs and light vehicles, which are not manufactured by Hyundai Motor, Hyundai's market share in the passenger car segment alone is estimated to be substantially higher.

Moreover, the explosive popularity of the new Sonata II, which was introduced in May 1993, was more than enough to confirm Hyundai's solid position in the mid-sized sedan segment, following the lead of the previous Sonata. In the mid-sized sedan segment, Hyundai Motor sold 104,573 units of Sonata II, while the total domestic demand in the segment amounted to 180,942 units. Particularly with the mid-sized sedans, as Hyundai dominates the segments with little competition, Hyundai has once again proved its firm lead in the passenger car market.

Hyundai Motor took 44.4 percent of the 389,225-unit commercial vehicle market by selling 172,725 units. Particularly, as Hyundai was able to gain a 44.4 percent share of the market, despite the further segmentation of the market with entries of light buses and trucks, Hyundai was able to further strengthen its credibility in the Korean market.

In the minibus and minivan market, Hyundai sold 55,457 units of Grace, which translated into 58.3 percent of the total market demand of 95,091 units. As a result, Hyundai has been able to take the lead both in the passenger car and commercial vehicle segments.

In 1993, Hyundai Motor exported 349,471 units: 325,130 units of passenger cars; 11,777 units of commercial vehicles; and 12,510 units of CKD. This represents 22.9 percent growth over 1992, as Hyundai was able to export an additional 65,122 units. Aggressive exports of commercial vehicles in 1993 resulted in a surge of 1,992 percent over 563 units shipped overseas in 1992.

Since its first shipment to Ecuador in 1976, Hyundai's total accumulated number of units exported to approximately 140 countries has amounted to 2,739,180 units. By the end of 1994, the number of export destinations is expected to increase to 190 countries with accumulated exports surpassing 3,000,000 units.

As a result of continued export market diversification policy, Hyundai Motor is depending less on the North American and the EU markets while developing new markets such as Russia, Asia, Latin America, and Africa. As a result, Hyundai has successfully landed in new markets of Moldavia, Belarus, Martinique, F. Guyana, Syria, Lebanon, S. Africa, Ivory Coast, the Philippines,

Laos, Myanmar [Burma], Indonesia, Palau, F.S.M. [expansion unknown], Marshall Island, and Micronesia.

Hyundai Motor, as of the end of 1993, is represented by 149 agencies in 143 countries with subsidiaries located in the USA, namely HMA, and HACI in Canada. Hyundai Motor America is headquartered in South L.A. with branches in New Jersey, Chicago, and Atlanta. The headquarters of Hyundai Auto Canada Inc. is in Markham, Ontario and it has branches in Vancouver and Montreal. For the purpose of providing financing to the qualified customers of HMA's dealers, HMFC (Hyundai Motor Finance Company) was established in 1990.

In order to become more active in the European market, Hyundai established a joint venture dubbed Hyundai Motor Deutschland GMBH, and a representative office in Germany. Also, in an effort to make its inroads into the Chinese market, the company has established a representative office in Beijing.

Production facilities

Hyundai Motor's main production site in Ulsan is 1.95 million-sq.-meters on a site of 4.79 million sq. meters. It has an annual production capacity of 1.15 million units; 890,000 units of passenger cars and 260,000 units of commercial vehicles. Targeting to become one of the top 10 automobile makers in the world by the year 2000, Hyundai Motor will have two more plants under its long-term production capacity expansion plan.

Its plant No. 2, to be built in Wanju, North Cholla Province, by 1995, will have an annual production capacity of 70,000 units. The production of large trucks, buses, and special-purpose vehicles in Ulsan will be transferred to this plant. At its plant No. 3 (Asan, South Chungchong Province), Hyundai plans to manufacture 300,000 units of export-strategic midsized sedans annually.

Moreover, Hyundai Motor is equipped with the nation's largest testing track in Ulsan covering 1.16 million sq. meters, wherein all the cars manufactured by Hyundai are put through a number of tests, including high-speed driving, noise, acceleration, braking interior structure as well as safety for the development and production of trouble-free cars. In addition, a 3.3 million-sq.-meter testing track is now under construction.

Technological development

Hyundai currently operates three research and development centers: the Ulsan R&D center, Technology Research Institute (TRI), Mabuk-ri R&D Center, Mabuk-ri Advanced Engineering & Research Institute (MAERI) located in the outskirts of Seoul and Hyundai America Technical Center Inc. (HATCI) located in Ann Arbor, Michigan. They are staffed by 17 researchers with doctorate degrees and 337 master's degree holders, researching and developing more advanced technologies. In 1993, Hyundai Motor invested 4.23 percent of total

sales amounting to 304 billion won in R&D, which is comparable to international standards.

The Ulsan R&D Center is where ideas for new cars are developed and it is the core center for R&D in the maturing automobile market. In 1992, the center was successful in developing nonpolluting electric cars number 1 and 2 as well as antipolluting Flexible Fuel Vehicle (FFV), which is a strategic model for the North American market, creating a new era of automobile production.

Moreover, in a technology collaboration with the prestigious Pohang Institute of Technology, Hyundai has successfully developed a driverless test car, solidifying its leading position in the futuristic automobile era.

In continued R&D investment for the development of futuristic cars, Hyundai has agreed upon cooperation technology development with Ovonic Battery of the U.S. in 1993. The U.S. company is the industry leader in nickel-metal hydrogen battery development, which is the core component in electric car production. As a result, Hyundai will be able to surpass the "Big 3" of the U.S. in commercializing electric cars.

Moreover, with an investment of 150 billion won and five years of R&D efforts, Hyundai has also succeeded in developing the new air conditioner refrigerant, substituting the usage of fluorocarbons, which have been one of the main causes of air pollution. Hence, Hyundai is also participating in the current global movement for environmental protection.

Established in 1984, Mabuk-ri R&D Center is where high-tech engines and transmissions are being researched. The center is equipped with the state-of-the-art facilities such as engine dynamos, transmission dynamos, and an anechoic chamber for measurement of engine and transmission dynamos, and an anechoic chamber for measurement of engine and transmission noises during driving. After a huge investment of 100 billion won, Hyundai has succeeded in developing the 1,500 cc gasoline Alpha engine which was the first of its kind in Korea's automobile industry. Consequently, Korea's level of technology came up to par with international standards.

In the same year, as a result of continued R&D for more advanced technology as well as environment protection, Hyundai also introduced a lean-burn engine. This engine does not only save fuel by 25 percent but it also dramatically reduces the level of air pollution. The developments of Alpha and lean-burn engines are a result of Mabuk-ri R&D center's 19-year R&D plans for application of in-house developed engines on all models. Also in 1992, this center developed the 3,568 cc 100 hp [horsepower] high-performance diesel engine, K-1, which is now installed on Mighty, Hyundai's 2.5 ton truck.

Hyundai Motor Finance Company (HMFC) was the first Korean company to issue auto receivable securities,

Asset Backed Securities (ABS), in the U.S. capital market and the issue has been rated AAA and Aaa by the internationally renowned Standard & Poor's and Moody's, respectively.

Paper, Petrochemical, Rubber Goods Prices Rise

SK3008014994 Seoul THE KOREA HERALD in English 30 Aug 94 p 8

[Text] Petrochemicals, paper and rubber products are rising in price, in contrast to electric and electronic home appliances and clothing whose prices have recently dropped.

Domestic companies have raised, or plan to raise in the near future petrochemical prices in the wake of an upsurge in international prices touched off by a fire at a major U.S. factory and a dry spell which has forced Japanese plants to cut down on in their operations.

Lucky, Ltd., Dongbu Chemical Co. and other domestic petrochemical companies plan to raise the polystyrene price 20 percent from 990,000 won per ton now to 1,190,000 won beginning Sept. 1.

Honam Petrochemical Corp. has also decided to raise the price of high-density polyethylene from 560,000 won per ton to 610,000 won. But naphtha, a mainline product, has seen its import price slide almost 6 percent from its peak of \$179 per ton at the outset of this month to \$168.63. Korea imports 52 percent of its naphtha needs.

A fall in the price of the mainline product and a rise in the price of sideline products are a bonanza for petrochemical companies, which are also raising export prices.

The prices for ethylene shipments in September range from \$450 to \$460 per ton, up \$70 to \$80 from the end of last month. Since the start of this year, the price of naphtha has gained 22.2 percent, far lower than the prices of derivative products made from naphtha which have risen 59.2 percent.

In the case of styrene monomer, the price has jumped 126.7 percent.

In addition to sideline petrochemical products, pulp prices have gained and have contributed to raising the prices of paper products by an average 15 percent.

Rubber and other raw materials have followed suit.

The increase in the prices of raw materials is not only a headache for companies importing them for the manufacture of intermediate and finished products but also for the governments fight against inflation.

Earlier this month, the Ministry of Trade, Industry and Energy urged manufacturers to absorb cost-push factors themselves instead of passing them over to consumers.

The government, which was heartened when some manufacturers of home appliances and apparel vowed earlier this month to cut the prices of their products, now face an uphill battle as other manufacturers have raised or are poised to raise the prices of their products.

Under this circumstance, many economic research institutions forecast the consumer price index will go beyond 6 percent, the target below which the government planned to push price increases.

Ssangyong Oil Expands Daily Production

SK3008032094 Seoul THE KOREA HERALD
SUPPLEMENT in English 30 Aug 94 p 3

[Text] After its founding in 1976, Ssangyong Oil Refining Co., Ltd. (SORC) grew rapidly to become one of the leading companies in the refining industry.

Sales began in 1980, and SORC huge complex in Onsan has impressive production capabilities: the latest facilities for daily production of 325,000 barrels of crude, the world's third application of the highly advanced hydro-treating process for daily production of 6,000 barrels of lube base oil, and annual production of 480,000 tons of BTX [benzene, toluene, xylene].

Entering the decade of the 90s, SORC greatly expanded its daily production capacity from 90,000 barrels to 325,000 barrels, and by combining greatly activated marketing programs with this expanded capacity, the company continues to grow impressively.

Total sales of 822 billion won in 1990 grew an impressive 149 percent to 2,043 billion won by 1992. During the same period, the company's oil product share of the domestic market climbed from 9.5 percent to 14 percent, and it accounted for more than 40 percent of all Korean exports of similar products.

Another company milestone came in 1991 when SORC joined hands in a capital venture with Saudi Aramco. By expanding such investments and by guaranteeing the

smooth, steady supply of crude oil, the company has set a firm foundation for greater growth into a truly international refining company.

Currently under construction, the company's new Bunker C cracking plant, with a daily production capacity of 85,000 barrels, is scheduled for completion in 1995.

SORC's product range includes LPG [liquefied petroleum gas], gasoline, kerosene, light oil, jet fuel, and bunker-C, lube base oil and lubricants. Basic petrochemical industry products include benzene, toluene and xylene and such derivatives as asphalt, wax and sulfur. Ssangyong Oil is now ranked third in Korea in terms of production capabilities and total annual sales.

The Onsan Petrochemical Complex features Korea's largest single point mooring (SPM) which has an hourly loading/unloading capacity of 75,000 barrels as well as storage tanks for 3.2 million barrels of oil.

SORC guarantees speedy distribution of its products via tankers, tank trucks, rail tank cars, and underground pipelines to various parts of Korea.

There are additional storage facilities in six core regions of the nation which augment efforts for the swift and safe distribution of products. With over 600 gasoline stations across the nation, SORC offers both quality products and services to clients everywhere.

SORC operates its own research and development center, where the company is concentrating its efforts on R&D activities not only in the fields of petroleum, lubricants and alternative energy sources but also in the chemical and nonenergy fields.

As it grows into an integrated energy and chemical company with state-of-the-art facilities, Ssangyong Oil is about to enter not only such upstream sectors as oil exploration & development and transportation, but petrochemical industry.

The company Ssangyong also plans to diversify its business lines to fine chemicals and development of new materials so that by the year 2000 the company will emerge as one of the super world-class enterprises in these fields.

Burma

U.S. Congressman Bill Archer Leaves Rangoon

*BK2708151194 Rangoon Radio Burma in Burmese
1330 GMT 27 Aug 94*

[Editorial Report] Rangoon Radio Burma in Burmese at 1330 GMT on 27 August carries three reports on Mr. Bill Archer, visiting U.S. congressman, and his party calling on the secretary-1 of the State Law and Order Restoration Council [SLORC], calling on the minister of national planning and economic development in Rangoon, and on the delegation's departure.

Lieutenant General Khin Nyunt, secretary-1 of the SLORC of the Union of Burma, received U.S. Congressman Mr. Bill Archer and party at the Defense Ministry's Dagon House at 1330 this afternoon. Also present were Brigadier General Maung Maung, Foreign Affairs Minister U Ohn Gyaw, and Thura U Aung Htet, director general of the Protocol Department.

U.S. Congressman Bill Archer and delegation called on Brig. Gen. Abel, minister of national planning and economic development, at the Burma Investment Commission Office this morning. During the meeting, they held frank and cordial discussions on economic development, activity and programs on economic reforms, investment opportunities, and market situations. Responsible personnel of the Ministry of National Planning and Economic Development were also at the meeting.

The visiting U.S. Congressman Bill Archer and delegation left Rangoon International Airport [RIA] by air this evening. They were seen off at the RIA by Brig. Gen. Maung Maung; U Aung Thein, deputy minister of livestock breeding and fisheries; charge d'affaires of the American Embassy, and responsible personnel.

Twenty-Four Rebels Surrender at Military Camps

BK2608115394 Rangoon THE NEW LIGHT OF BURMA in English 20 Aug 94 p 7

[Text] Twenty-four members of various armed groups returned to the legal fold within 1 to 7 July 1994 at respective Tatmadaw [Defense Services] camps.

In the South-East Command area, pvt [Private] Kyaw Tun, Aung Tin Thein (a) [alias] Khwe Kaik and Ba Shein (a) Myint Shein of BCP [Burma Communist Party] armed group bringing along with them a pistol, sgt [Sergeant] Maung Thant, Pvt Aryu (a) Ayub, section leader Than Lwin, wife Ma Thida, son Zaw Hein Lu and daughter Kyawt Kyawt Lwin, pvt Win Hlaing, Soe Aung and Soe Naing of No 201 battalion, ABSDF [All Burma Students' Democratic Front] armed group, sgt Saw Lin and pvt Aye Naing of No 10 battalion, Kayin [Karen] armed group bringing along with them one M-16 automatic, pvt Saw Myint Soe of No 6 Brigade bringing along with him a local made gun and maj [major] Naing Shwe

of Mon armed group (central) bringing along with him one Uzi automatic surrendered at the respective Tatmadaw camps.

Pvts Htin Aung Win, Aung Toe and Ma Yi Yi Aye of ABSDF armed group (central) surrendered in North-East Command area.

Pvt Myo Tint of No 701 battalion, ABSDF armed groups surrendered in Northern Command area.

Pvts Zaw Myint and Myo Win of Kayin armed group (central) surrendered in Southern Command area.

In Eastern Command area, pvts Maung Than and Lahu of Loimaw drug trafficking armed group bringing along with them two grenades surrendered at the respective Tatmadaw camp.

They were warmly welcomed at the Tatmadaw camps.

Two Rakhine Rebels Surrender With Weapons

*BK2608133394 Rangoon KYEMON in Burmese
18 Aug 94 p 10*

[Text] Members of the armed groups in the jungle, who have accepted the good will and undertakings of the State Law and Order Restoration Council, have been returning to the legal fold along with their arms and ammunition at various military camps.

Privates Khine Mahn alias San Win, 27, and Sein Win alias Thein Win, 20, of the Rakhine armed group in the jungle returned to the legal fold at Ye-awkan camp on 5 August 1994.

They brought in one M-16 automatic rifle, one M-16 magazine, 10 M-16 bullets, three AK-47 automatic rifles, six AK-47 magazines, 60 AK-47 bullets, one M-79 launcher, and eight M-79 projectiles.

They were warmly welcomed by responsible personnel at Ye-awkan military camp.

Sixty-Five Insurgents Return to 'Legal Fold'

BK2608134194 Rangoon THE NEW LIGHT OF BURMA in English 24 Aug 94 p 7

[Text] A total of 65 members of armed groups, realizing the true cetena [goodwill] of the State Law and Order Restoration Council, returned to the legal fold at respective camps in July 1994.

In Eastern Command area, pvts [privates] Chit Tun and Tun Oo of Pa-O Ni [Red Pa-o] armed group and platoon commander Sai Win Aung and pvt Aik Sai of SURA [Shan United Revolutionary Army] armed group, bringing with one M-22 automatic rifle, one M-16 automatic rifle and 210 rounds of ammunition, returned to the legal fold.

In Southern Command area, pvts Maung Win and Lwin Kyi of Kayin [Karen] armed group, bringing with one AK-47 automatic rifle, one M-16 automatic rifle, 73

rounds of ammunition, pvts Ye Aung and Ah Win of central security company, bringing with one AK-47 automatic rifle, one M-16 automatic rifle, 87 rounds of ammunition, pvt Win Naing (a) [alias] Tin Lay Shwe, wife Ma San Htwe of ABSDF [All Burma Students' Democratic Front] armed group battalion No 209, bringing with one AK-47 automatic rifle and pvt Soe Naing of Kayan armed group, returned to the legal fold.

In Northern and Central Command area, pvts Aung Myint and Aung Soe Myint of ABSDF armed group and pvts Saw Lay Maung of Kayan armed group returned to the legal fold.

In South-East Command area, pvt Nyi Sar (a) Thit San Win of Mon armed group, pvt Tin Lay (a) Maung Pain of ABSDF armed group, pvt Chit Soe of Kayin armed group, bring with M-16 automatic rifle, section commander Paw Tun pvt Phone Myint, Dat Khe (a) Chit Lo, Maing Chit, Kya Phaw Phan of Brigade No 6, bring with one M-16 automatic rifle and one carbide [as published] returned to the legal fold. They were given warm welcome by officials concerned.

Brunei, Malaysia & Singapore

Malaysia

Groups Protest Visit of 'Terrorist' U.S. Ship

BK2908142494 Hong Kong AFP in English 1405 GMT 29 Aug 94

[Text] Kuala Lumpur, Aug 29 (AFP)—Nine Malaysian private groups Monday protested the visit of a "terrorist" US Navy warship, the USS Vincennes, which shot down an Iranian airliner six years ago, killing all 290 people aboard.

"A warship that has committed a crime against humanity as well as a crime against peace should never have been allowed to visit Malaysia," they said in a joint statement released by the Malaysian Action Front.

The protesters were a combination of Islamic, Christian and youth groups, including an opposition political party.

"We are saddened by the defence ministry's decision to allow this terrorist warship into Malaysian waters," the statement said.

US officials here could not be contacted for comment on the protest.

The battle cruiser dropped anchor Sunday at Port Klang, Malaysia's premier port, and was opened to public viewing for four days.

It is on its way to Japan to join its battle fleet after participating in a four-day exercise, "Mercubex 94," with the Singapore navy in the South China Sea from August 22.

Vincennes, a 567-foot (180-metre), 9,600-tonne "Aegis" type cruiser, was on patrol off the Persian Gulf on July 3, 1988 when it shot down the Iranian airliner, which US Navy officials said was mistaken for an enemy plane.

The plane was flying from Bandar Abbas in Iran to Dubai.

Commentary Views U.S. EAEC Delay Tactics

BK2608020494 Kuala Lumpur Voice of Malaysia in English 0810 GMT 25 Aug 94

[Station commentary]

[Text] Despite the objections and disapprovals from certain stubborn quarters, the ASEAN initiative on the formation of the East Asia Economic Caucus or EAEC, is still being pursued with vigor.

The recent meeting of foreign ministers of East Asian nations in the Thai capital of Bangkok was described as a great success in arriving at a consensus that the EAEC should be promoted. A welcome presence at the meeting was the foreign minister of Japan who contributed his views on the caucus' formation. The Japanese delay in giving its blessings and joining the EAEC is based on the unwillingness of the United States as yet to recognize the usefulness of the caucus.

At the Post Ministerial Conference of the latest ASEAN Ministerial Meeting, ASEAN delegates told their counterparts from the U.S., Japan and South Korea about the importance of the proposed EAEC for the region's well-being. All three dialogue partners were in agreement that the caucus was a good idea. But after the recent Bangkok meeting, the U.S. deputy secretary of state has reported to have warned both the Japanese and Korean foreign ministers that the EAEC would have the effect of dividing the Pacific region.

What does one make out of this? Malaysian Prime Minister Dr. Mahathir Mohamed put it bluntly when he said that the U.S. is giving a rather unreasonable opposition to the EAEC, which is really a harmless forum. What is wrong about East Asians talking with each other without the presence of the U.S.? The caucus will work in concert with the goals of the Asia-Pacific Economic Cooperation or APEC of which the U.S. is a member. At the same time the EAEC is not aimed at competing with anyone, including the free trade associations in North America or Europe.

As have often been repeated by ASEAN leaders, the objective of the EAEC is to be a loose consultative forum where East Asians can sit down and discuss economic issues that are peculiar to this region. They can then present their views and problems with one voice at international trade and economic gatherings.

Malaysia, the original mooter of the idea, had just that in mind when it brought the proposal before ASEAN. The prime minister was asked by journalists why the need for

very important to cherish the heart of each person of Southeast Asian nations and turn our attention to the peoples' wisdom and creativity. I have come to again realize the importance of the idea to always learn with the people of Asia and through the people of Asia. I feel this is one of the greatest accomplishments of my visit. Thank you very much.

[Moderator] Now, let us start the question-and-answer session. Are there any questions?

[Reporter, in English with superimposed translation into Japanese] I am a STRAITS TIMES reporter. I would like to ask the prime minister: One of the objectives of your visit was to identify new means to build new relationships between Japan and Asia. It is also said that your visit was to find out the expectations of ASEAN countries and other Asian nations toward Japan. Now at the end of the visit, what kind of expectations did you find out?

[Murayama] Well, after visiting the four nations, I have realized that the expectations placed on Japan are extremely great for promoting economic development under mutual cooperation and ensuring peace and prosperity. To meet such expectations, I have come to believe that it will be necessary to promote wide-ranging exchanges covering not only economic issues but also political, cultural, and academic matters.

[Moderator] Next question, please.

[Saeki] I am Saeki of SANKEI SHIMBUN. During your visit, Malaysian Prime Minister Mahathir and the Singapore president asked for Japan's participation in the UN Security Council to ensure global and Asian peace. In addition, it has been pointed out that recent remarks on the past war seem to indicate good sign for Japan's becoming a permanent UN Security Council member. I would like to ask your opinion about it in view of the government's decision to continue the key foreign policies that have been set so far.

[Murayama] As I mentioned before, there are no changes in our decision to continue the key foreign policies. At the same time, with regard to the question of permanent membership of the UN Security Council, I clearly stated in my policy speech at the previous extraordinary session of the Diet: We will thoroughly discuss rights and responsibilities that would accrue as a result; and Japan needs to tackle this issue on the basis of the support of its Asian neighbors and other members of the international community, as well as the understanding of the Japanese people. I am not taking a negative stand on this issue. But I would like to study the issue on the basis of the support from the Asian nations, other nations concerned, and the Japanese people, while clarifying what kind of a role Japan can play and what kind of contribution it can provide within the framework of the Constitution.

[Moderator] Next question, please.

[Reporter] I am a FINANCIAL NEWS reporter. Prime Minister, regarding the prospect for the Japan-U.S. relations, particularly trade relations, there seems to be many problems. There are many pending issues. How do you view the development of those issues in the future?

[Murayama] Well, there are three trade sectors that have been discussed at the Japan-U.S. economic framework talks. I have heard that there are a couple of tough problems. But, since relations between Japan and the United States, which account for 40 percent of the global GNP, have extremely great influence on the world, we are doing our best to settle the issues through dialogue. At the Japan-U.S. summit talks at the Naples summit, I said what Japan should do first is to cut taxes to push the economic recovery by expanding domestic demand in particular. Efforts have been made to achieve that. We will also carry out a thorough deregulation to achieve this goal. At the same time, we have been reviewing the budget for public works projects, which was originally set at 430 trillion yen for 10 years, in terms of its quantity and quality because we think it is not enough. I think the Japan-U.S. relations will improve through such efforts by each side. Japan will make efforts, so I would like to ask the United States to make efforts, too. Japan is eagerly making efforts, believing the problem will be settled through this kind of discussion.

[Kelly, in English with superimposed translation into Japanese] I am Mike Kelly from Australian Radio. Mr. Prime Minister, throughout this trip, you have made various statements, which were very favorable to us. However, two cabinet members resigned in three month over their remarks denying Japan's military aggression during World War II. They also said that Japan fought to liberate Asian nations from colonialism. There were other ministers who had been forced to resign over similar remarks. How does Japan intend to settle issues related to World War II? Do you think it can make other nations understand its view of the last world war?

[Murayama] I cannot clearly say now how long it will take to obtain their understanding. I do not deny some Japanese share those ministers' views. However, in considering the fact that the next year will be the 50th anniversary of the end of World War II, we need to seriously review history once again to recognize Japan's responsibility for causing unbearable suffering and sorrow to the Asian people. I think it is important for the entire nation to share the view that we will never again become a militarily power that may threaten other nations, and make every possible effort to secure peace. The Japanese Government is seriously studying specific measures to achieve those purposes.

[Moderator] Next question please.

[Aoyama] I am Aoyama from KYODO. With regard to the postwar issues, you have expressed your basic view in detail during this trip. Please explain in detail how you are planning to deal with them.

the EAEC when there was already APEC, had this to say. APEC covers nations which are outside East Asia and which have different priorities. Since there are strategic problems concerning East Asia there is a need for a forum to discuss them. East Asian nations must establish position of cooperative prosperity with one another, especially as global competition becomes more stiff and the interdependence grows rapidly. This was the premier's message at the first East Asian Young Leaders on East Asian Peace, Divinity and Prosperity held in Kuala Lumpur recently. [sentence as heard]

The Americans, Japanese, and Koreans should take note of this message. The EAEC would sooner or later become a reality. It will benefit the region and will create an economic cooperation with the rest of the world.

Japan's Murayama Concludes Southeast Asia Tour

Holds News Conference

OW3008045094 Tokyo NHK General Television Network in Japanese 0831 GMT 29 Aug 94

[News conference by Japanese Prime Minister Tomiichi Murayama with foreign and domestic correspondents at the Shangri-La Hotel in Singapore, moderated by an unidentified person—live]

[Text] First, I would like to state my opinion in connection with my latest tour of four Southeast Asian nations. Beginning on 23 August, I visited the Philippines, SRV, and Malaysia and arrived here in Singapore yesterday. I would first like to express my heartfelt gratefulness for the warm welcome I received in these countries. For myself, it had been a longtime desire to visit the Southeast Asian nations. Visiting these nations for the first time and having the opportunity to directly get in touch with the situations there have brought about strong meditative implications for me. During this visit, I realized the mutual relationship between Japan and Southeast Asian nations has showed remarkable development and expanded in various fields. As an administration which advocates the importance of reform efforts within the country and the continuity of its foreign policy, we intend, more than ever, to actively engage in efforts to peacefully solve various problems the international society is burdened with and participate in the area of global economic development and prosperity. As a member of Asia, our country should continue to place importance on Asia, help promote better relations of mutual dependence between Japan and the Asian nations, and build wide-ranging cooperative ties. I frankly explained this idea to leaders of those nations, and I feel very happy that I have been able to confirm that we will continue to promote our cooperative relations. In promoting our policy toward Asia in the future, I believe that it is important that we deeply implant in our hearts the fact that, among other things, Japan's acts of aggression and colonial rule have caused unbearable

suffering and sorrow for many Asians. From this standpoint, Japan must look squarely at the historical relations with its Asian neighbors, pass on the lesson to future generations, and at the same time promote various measures to help deepen mutual understanding by promoting interchanges among the rising generation and through other means. We are currently in the process of working out concrete plans to that end.

Moreover, there is one more point that can be considered as a precondition to promoting our future Asian policy. That is, our country must pursue a defense-oriented policy in line with our peace-oriented Constitution and not become a military superpower which could pose a threat to other nations. With the three nonnuclear principles as our national policy, we also back the unlimited extension of the Nuclear Nonproliferation Treaty.

In the nations I visited during this tour, I strongly felt new moves and trends developing there. For example, there are growing expectations for further economic development; ASEAN and the Indochinese nations are jointly seeking stability and prosperity in the entire Southeast Asian region; Southeast Asian nations are trying to play a major role in the Asia-Pacific region; and people of the Southeast Asian nations are becoming more conscientious about turning their interests toward the stability and prosperity of the entire world. In this sense, it can be said that Southeast Asia has entered a new era. In this new age of Southeast Asia, so to speak, Japan, for its part, would like to build closer ties with the Southeast Asian nations—that is, a partnership toward further progress—by promoting cooperation in the following ways: First, Japan will continue to assist nations in their development via such programs as inter-government development assistance programs, Official Development Assistance programs, private investment, trade promotion, and training of human resources. In this regard, we believe it will also be important for us to carry out assistance in such areas as aid to the Indochinese nations from the standpoint of overall development of the entire Indochina region and provide support for the so-called South-South cooperation between ASEAN and the Indochinese nations.

Moreover, from the standpoint of promoting a more open regional cooperation, Japan will promote regional cooperation in the Asia-Pacific region via such venues as APEC and the ASEAN regional forum. In addition, we believe our country needs to cooperate with the Southeast Asian nations to tackle issues that are common to the entire human race, such as the environment, population, drugs, and AIDS.

To learn with the people and through the people has always been my belief. This means to cherish the heart of each Japanese and to have the wisdom and creativity of the people reflected in our national policy. During my visit, I had the opportunity to come in contact with the people of Southeast Asian nations and realized that it is

[Murayama] I think the governments concerned reached the certain agreement on settlement of the postwar issues at the San Francisco Peace Conference. The Japanese Government also has honestly fulfilled its obligations. However, in taking advantage of the 50th anniversary of the war's end, it is necessary for the entire nation to squarely recognize history once again, pledge to the international community that we will not make the same mistake, and contribute to the international community's peace and stability. As a concrete measure, the government plans to carry out research projects for historical studies in cooperation with the nations concerned so that we can build up common understanding in the region. We also intend to carry out youth exchange programs because it is very important to help the younger generation understand each other and build friendly relationship. The government will reveal its concrete policy in the near future.

[Shimada] I am Shimada from NHK. I would like to ask you about Japan's international contributions. During the recent meeting with Vietnamese Communist Party General Secretary Du Muoi, you said national relief activities, such as the planned dispatch of personnel—including Self-Defense Forces [SDF] members—to Rwanda to help Rwandan refugees, would be the nucleus of Japan's international contributions. Besides international relief activities, the Japanese law allows the dispatch of personnel overseas to participate in peacekeeping operations. In fact, Japan did so to participate in peacekeeping activities in Cambodia. What is your stand on the dispatch of the SDF personnel overseas to participate in international peacekeeping operations led by the United Nations?

[Murayama] During the meeting with General Secretary Du Muoi, I told him that although the world was moving toward peace and cooperation, severe regional conflicts had occurred in former Yugoslavia, Rwanda, and other areas. I told him that the Japanese Government was preparing for the dispatch of SDF personnel to Rwanda to rescue Rwandan refugees. I meant that the Japanese Government was considering humanitarian contributions for the Rwandan refugees. I believe the Japanese Government has so far made various contributions concerning peacekeeping operations in such countries as Cambodia, Mozambique, and El Salvador. Therefore, I think if there is a specific case, Japan should make all possible contributions based on its experience and within the constraints of the Constitution. Based on its experience, Japan is willing to, or should engage in peacekeeping activities abroad, not only in a humanitarian field but also in other areas. This is my stand and it has not changed a bit.

[Moderator] Those who have questions, please speak slowly. Otherwise, simultaneous interpreters will have a hard time.

[Reporter] I am [words indistinct] Singapore. Mr. Prime Minister, you met with Senior Minister Lee Kuwan Yew. What did you discuss with him during the meeting?

[Murayama] With whom?

[Moderator] She is asking you about your meeting with Singapore Senior Minister Lee Kuwan Yew.

[Murayama] In this limited time, I cannot give you details of the meeting. Anyway, I told him that I was impressed with Singapore, which is full of greenery and is beautiful and its comfortable cities. I also told him that now that Singapore had achieved a great economic growth, it should play a greater role in various fields in cooperation with Japan for the sake of the prosperity of the Asia economy, and that Japan was willing to play such a role while making efforts to further deepen mutual understanding between the two countries. We specifically discussed how we should deal with other ASEAN nations and APEC. I confirmed that Japan and Singapore had had broad mutual understanding.

[(?Norton)] I am (?Norton) from REUTERS. Mr. Prime Minister, could you clarify Japan's position toward the East Asia Economic Caucus, or EAEC, proposed by Malaysia?

[Murayama] I was briefed on the forum by the Malaysian prime minister. Before that, I had been given some explanation about the forum. Basically, I understand the concept. However, efforts will be needed to win the understanding of and consensus on the idea among the countries involved. I have told him that we plan to further study the issue and that, above all, it will be important to gain the understanding and approval of relevant countries.

[Reporter, in English with superimposed translation into Japanese] I am [name indistinct] from UPI. Mr. Prime Minister, during the series of talks with other Asian leaders, including Prime Minister Goh Chok Tong, whom you just met today, you reportedly explained Japan's current political situation to them. Your coalition government is formed with an unusual combination of rightist and leftist parties. How do you ensure the stability of your administration?

[Murayama] You are probably referring to the harmony and disparity in my government, and, in a sense, it is quite natural for people to have such an impression. In the last 38 years, the Liberal Democratic Party [LDP] has been the sole ruling party in Japan, and the Social Democratic Party of Japan always faced the LDP as the largest opposition party. So, I understand your anxiety about the cooperation between the two parties, as well as the Sakigake [Harbinger], of course.

However, I want you to view another aspect. Now that the world is free from the Cold War structure symbolized by the U.S.-Soviet confrontation, we are no longer obsessed with ideological antagonism. At this moment, what we have to do is to consider how the government can benefit the people and how Japan can contribute to world peace. When we seriously discuss such policies, I believe we can overcome differences in our political

stances. My belief is that this is the time for us to jointly manage the government seeking widely acceptable political accords. Another point is that today's Japan really needs a stable government to meet demands from inside and outside the nation.

At the same time, Japanese political circles are facing various demands from the people as their sense of value varies in the Japanese society. Under such circumstances, it is difficult for one single party to adequately deal with the varied demands. In this sense, coalition of parties backed by different social groups is a good way to build up national consensus, and I think this is significant as a methodology of democracy. Therefore, I am not anxious about the current political situation. I believe my government is a stable and democratic government capable of meeting expectations of the people and the international community.

[Matsumura] I am Matsumura from ASAHI SHIMBUN. My question is about your earlier remarks on the EAEC. You said the EAEC proposal needs further understanding and approval from the nations concerned. Malaysia is strongly recommending Japan's participation in the EAEC, but the United States opposes the proposal. As the go-between, what is Japan's course of action? Since economic and political major powers, including United States, are focusing their interests on Southeast Asia, readjustment of such interests would be a prerequisite for founding the EAEC. In the upcoming Asia-Pacific Economic Cooperation [APEC] ministerial conference, the participants are likely to urge Japan to clarify its attitude toward the issue, too. Could you give us your opinion on these points?

[Murayama] Even in the economic aspect only, it is very important to maintain free and open multilateral trade system. But this is not just a trade issue. Such an approach is also necessary from political, cultural, and other viewpoints. On that ground, APEC should be run by the participating nations' harmony through exchange of frank opinions. As I mentioned earlier, I gained certain understanding of [Malaysian Prime Minister Mahathir's stance toward the EAEC proposal.] While I understood his idea, the organization would not work well without understanding of all the nations concerned. So, I have told him that we plan to further study the issue and that, above all, it will be important to gain the understanding and approval of relevant countries.

[(?Landers)] I am (?Landers) from AP. Do you think you were able to display your individuality during the current tour of the four Southeast Asian nations? If you think so, on what occasions do you think you showed your individuality?

[Murayama] This is a pretty difficult question to answer. When thinking of how my individuality is being considered, it is hard to answer this question. I believe that I have stated my views frankly and that I had opportunities to listen to each leader's frank opinions. In that sense, it was very fortunate that I was able to frankly

discuss various questions, such as the role Japan is expected to play in the whole Asian region in the future, duties it should fulfill, and the best way for the bilateral ties, or Asia as a whole, to achieve world peace and prosperity.

Commentary Sees 'Greater Heights' in Ties

BK2908131794 Kuala Lumpur Voice of Malaysia in English 0810 GMT 29 Aug 94

[Station commentary]

[Text] Malaysia and Japan are geared to take the close ties to new heights. This followed the just concluded three-day official visit to Malaysia by Japanese Prime Minister Tomiichi Murayama.

The visit not only gave the Japanese premier first hand information on developments in Malaysia, but also enabled him to have wide-ranging talks with his Malaysian counterpart, Datuk Sri Dr. Mahathir. More importantly, it gave him an opportunity to better understand the rationale behind Malaysia's proposal for the formation of the East Asia Economic Caucus, EAEC. Indeed, Mr. Murayama has given an assurance that Japan will give serious consideration to the EAEC. He said Japan will consider the proposal, bearing fully in mind Dr. Mahathir's elaboration on it. This augurs well for the future as Japan's participation in the caucus is vital for its success.

It is also an indication of Japan's appreciation of Malaysia's role in helping the developing world get a better deal in global trade. The Japanese premier's visit had strong undertones, which suggested that Japan was putting a premium on its relations with Malaysia and prepared to move into new areas of cooperation. For example, Japan has indicated that it shares Malaysia's concern of the pollution in the Straits of Melacca from oil spills and its maintenance. This development is encouraging as it is only proper that Japan is also concerned about the problem of the straits because most of the vessels plying the waterways were Japanese.

In view of this, it is heartening to know that Japan is prepared to help overcome the problem in the straits and seek the cooperation of the International Maritime Organization and other users of the straits on the matter.

On other bilateral and international issues, Malaysia proposed that Japan set up a training institute to help Malaysia overcome its shortage of skilled manpower. Malaysia also wants Japan to invest more in hi-tech industries in the country.

Japan has agreed to consider ways to tackle the problem of repayment of yen credit extended to Malaysia, which has been worrisome. It has been brought to the Japanese premier's notice that the rising yen value has made it difficult for Malaysia to meet its loan repayment and Japan has promised to look into this.

The questions were also centered on the question of Japan considering increasing landing rights for Malaysia Airlines [MAS] in the country. The number of MAS flights to Japan is small compared to that by other airlines from Singapore and the Philippines. The Japanese premier was told that Malaysia requires additional landing rights to facilitate the visit of Japanese tourists and entrepreneurs to Malaysia.

The fact that such important and far reaching issues were discussed during the Japanese premier's visit shows how much Malaysia values its ties with Japan. Malaysia has looked toward Japan as one of the outstanding models of economic development in the East, particularly the ethics and technology that fuel its success. The mutual respect and admiration both countries have for each other's achievements should spur them to work closer together to reach greater heights and for global peace.

Leaves for Japan 30 Aug

*OW3008024194 Tokyo KYODO in English 0219 GMT
30 Aug 94*

[Text] Singapore, Aug. 30 KYODO—Japan's Prime Minister Tomiichi Murayama on Tuesday left Singapore for home after wrapping up his official eight-day tour of four Southeast Asian countries.

Murayama visited the Philippines, Vietnam and Malaysia before arriving in this island republic on Sunday.

He conferred with leaders of the four countries, including Philippine President Fidel Ramos, Vietnamese Prime Minister Vo Van Kiet, Malaysian Prime Minister Mahathir bin Mohamed and Singapore Prime Minister Goh Chok Tong.

The Asian tour is Murayama's third overseas trip since he became premier in June, following July visits to Naples to attend the annual Group of Seven (G-7) summit and to Seoul for talks with South Korean President Kim Yong-sam.

Murayama is scheduled to return home Tuesday evening.

Parliament Passes Constitutional Amendment Bills

*BK2708121294 Singapore THE STRAITS TIMES in
English 26 Aug 94 p 1*

[By Cherian George]

[Text] Parliament has given the Supreme Court an advisory role in interpreting the Constitution. In acknowledgment of the Constitution's growing complexity, the President will also be able to appoint a legal advisor from the private sector.

Under a new provision to the Constitution passed by the House yesterday, the government can refer any Constitutional question to a special tribunal for clarification.

The tribunal will consist of at least three Supreme Court judges. It has 60 days to deliver its opinion, which will be final.

Proposing the amendment, Deputy Prime Minister [DPM] Lee Hsien Loong noted that unlike Malaysia's Constitution, Singapore's had no such provision until now.

"This is a lacuna in our Constitution," he said.

"From time to time, the government will need to refer such questions to the Courts, especially in relation to new and complex provisions of the Constitution, such as the Elected President provisions."

The Constitution is Singapore's supreme law, defining the principles on which the state is governed.

The Constitution (Amendment No. 2) Bill also included major changes to the Civil Service and several corrections to the three-year-old Elected President provisions.

The new Article 100 on the Courts' role was a late addition; it did not appear in the version of the Bill tabled on July 25.

But it will be exercised almost immediately.

According to DPM Lee, President Ong Teng Cheong had stated that "in the interest of testing out the system", he wished one of the other proposed amendments to be referred to the Courts for a ruling.

The amendment in question concerns Article 22H.

Under this law as it stands, if a President blocks Parliament when it tries to amend certain parts of the Constitution, his veto is final if the Courts rule that the proposed amendment would have the effect of curtailing his powers.

What is missing, Brigadier-General [BG] (NS) [NS—National Service] Lee said, is the avenue of a national referendum giving voters the choice to go ahead with the amendment even though it reduced the President's powers.

This will be the case with amendments to "core" Constitutional provisions once these are entrenched. That "noncore" provisions are not treated similarly was a case of incorrect drafting, he said.

The Government wanted to set it right, but before it could do so, the question that had to be settled was whether the existing Article 22H could be amended without Presidential consent.

BG Lee said that the Attorney-General [AG] had studied the matter and concluded that the President could not veto this amendment as 22H was a "core" provision and not yet entrenched.

Following the President's wishes, however, the Government would seek a Supreme Court ruling, in line with the

new Article 100. President Ong had said he would accept whatever interpretation of Article 22H the Courts gave.

BG Lee added that the case had highlighted the need for the President and the Council of Presidential Advisors [CPA] to have access to legal advice, separate from the advice which the AG gives the Cabinet. "The President a the CPA should, therefore, be entitled to appoint formally a legal advisor, who can be a lawyer in private practice. The Government is presently studying how this can done."

All 66 PAP [People's Action Party] MPs [members of parliament] present voted in favour of the Constitutional amendments, providing the necessary two-thirds majority by a comfortable margin.

Workers' Party MP Low Thia Khiang and Mr. Ling How Doong of the Singapore Democratic Party [SDP] said nay, but the SDP's Mr. Cheo Chai Chen abstained.

Parliament yesterday passed five other Bills, including the Statutes (Miscellaneous Amendments) Bill containing consequential changes. It will sit again today to debate new broadcasting and anti-smoking legislation, among other things.

Johor Police Arrest Thirty-Nine al-Arqam Members

BK2908162394 Singapore Singapore Broadcasting Corporation in English 1400 GMT 29 Aug 94

[Text] In Johor, 39 members of the banned al-Arqam movement were arrested today. Malaysian police have seized more than 500 printed materials, including books and 11 videotapes related to the movement. The members were later released on bail after questioning, but their case will be referred to the deputy public prosecutor for further action.

Cambodia

Sirivut: Military Option Cannot Solve KR Problem

BK3008085894 Phnom Penh AKP in French 0400 GMT 30 Aug 94

[Text] Phnom Penh 30 Aug (AKP)—Prince Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation, has indicated the stance of the Royal Government of Cambodia [RGC] toward the rebellious Polpotist group at a meeting at the Moral Rearmament Center in Normandie, France.

In his speech at the meeting on the "regions of crises and recovery: How can we understand each other?" the chief of Cambodia's diplomacy affirmed that he had "never thought a military option would settle the problem of the Khmer Rouge [KR]. The government has just decided to outlaw it; the big door has already been closed." However, he added, a passage should be left for it.

"It is not a question of forgiving the genocide, but one cannot carry out a policy of vengeance. A government has the right of self-defense, but the Cambodian people prefer having more hospitals, schools, and roads than settling their conflicts."

Prince Norodom Sirivut thanked every country for its contribution to the return of peace to Cambodia, admitting that "the wound has not yet been healed." "If our country is unstable, we will affect the region. And if our region is unstable, we will affect the world. There is a lot of passion in Cambodia's history, and the passion is a source of suffering."

A total of 52 countries and [word indistinct] took part in the the moral rearmament session, which was attended by more than 500 people from the five continents. Many Cambodian personages participated in the meeting, namely Venerable Patriarch Preah Maha Khousananda, senior Buddhist monks, and Mr. Ing Huot, minister of education; Mr. Hean Vannaroat, state secretary of cultural and religious affairs; Mr. Say Bori, state secretary for relations with Parliament, and their wives as well Mrs. Sokunthea Ung from the Interior Ministry.

Army Maintains Contact With KR Over Hostages

BK3008104794 Hong Kong AFP in English 1002 GMT 30 Aug 94

[Text] Phnom Penh, Aug 30 (AFP)—The Cambodian army is keeping in contact with the Khmer Rouge [KR] over the fate of three western hostages in southern Kampot province and has no intention of launching an attack, General Nhoek Bunchhai said Tuesday [30 August].

An ultimatum on Khmer Rouge radio calling for the termination of "foreign military aid" to the Phnom Penh government in return for the release of the hostages expired Tuesday.

"We still have no plan to attack the Khmer Rouge as we are still communicating with them," Nhoek, the commanding officer of the military operation surrounding the rebels, said in a telephone interview.

According to the general, government troops surrounding Phnum Voar mountain—where Australian David Wilson, 29, Briton Mark Slater, 28, and Frenchman Jean-Michel Braquet, 26, were being held—were tasked with "cutting the lines of supply" to the guerrillas.

The three tourists were abducted July 26 along with several Cambodians and three Vietnamese during an attack on the train they were riding.

In Phnom Penh, Information Minister Ieng Muli said he had received no news on the hostages since the end of last week. He did not give any details on negotiations for their release.

Meanwhile, 14 Khmer Rouge guerrillas defected around Phnum Voar, turning themselves over to government troops, deputy army chief-of-staff General Pol Sareoun said.

The guerrillas surrendered August 27 with their weapons at the village of Damnak Cham-Aeu, eight kilometres (about five miles) from the Khmer Rouge base on the mountain, after the army surrounded them, Pol said by telephone.

The previous day, six Khmer Rouge families riding five ox-carts surrendered to government forces, the general said, without saying whether any guerrillas were among them.

"We have cut their lines," the general said, explaining the reason for the guerrillas' defections.

Phnom Penh Reports on Ek Phnum District Attack

BK3008013194 Phnom Penh National Radio of Cambodia Network in Cambodian 2300 GMT 29 Aug 94

[Text] At 1335 on 27 August, the royal government forces took control of the Ek Phnum district seat after a retreat of seven hours. It is believed that nearly 100 Khmer Rouge elements, split into many small groups, simultaneously attacked various villages around the district seat, 10 km northeast of this Battambang provincial town, at 0500 that day.

Serei Kosal, deputy governor of Battambang Province, said on the afternoon of 27 August that the Khmer Rouge attacked the district seat while provincial authorities were busy implementing flood prevention measures.

On 27 August, floods inundated various areas in Battambang Province for the second time. Levels were 40 cm beneath those reached by the previous flood a few days ago. The flood was caused by the overflowing of the Sangke River and the ceaseless recent rainfall.

Serei Kosal reported from Battambang that the Khmer Rouge used boats to transport the forces attacking the district seat. Before attacking the district office buildings, the Khmer Rouge forced inhabitants of various villages to serve as shields, making it difficult for our forces to resist them, Serei Kosal added.

The armed personnel protecting the district office buildings, retreated only after having fought for over an hour. Helicopter forces intervened immediately and at 1330 government troops had taken complete control of the district.

Serei Kosal said the situation in Ek Phnum has improved already. Two combatants were killed and two district office buildings were burned in the fighting. He also said that eight civilians were wounded. Three were

hospitalized while the other five, living in remote villages, could not be transported because roads were flooded and because district authorities had no boats to carry out the operation.

It is not yet known whether the Khmer Rouge suffered casualties during the fighting and helicopter raid. Local people reported that a number of Khmer Rouge were wounded and carried away by boat.

It is worth noting that the Khmer Rouge used about 20 boats to attack many positions simultaneously. The Ek Phnum district seat borders the mangrove of Tonle Sap River; when it is flooded, boats have easy and direct access to the district seat.

After the first flood receded, villagers returned to their homes and resumed farming. Now everything has been destroyed by this second flood. Serei Kosal said there were no casualties from the flooding because people had become experienced in protecting themselves.

National Assembly Passes Immigration Law

BK2708115994 Phnom Penh AKP in English 0927 GMT 27 Aug 94

[Text] Phnom Penh AKP August 27—The National Assembly of the Kingdom of Cambodia approved an immigration law on Friday after five day session of its first legislature.

The deputies voted 97 in favor of and one against the law.

Vietnamese Foreign Minister Nguyen Manh Cam was quoted by AFP as saying in Hanoi on Friday that the Cambodian immigration law "would have a bad effect on the lives of the majority of Vietnamese who have been living in Cambodia for a long time."

In a strongly worded letter to Cambodian counterpart Prince Norodom Sirivut, Cam said passage of the law would "adversely affect the long-standing friendship between the countries as well as the trend towards cooperation in the region," it said.

Commentary Welcomes Law

BK2708130494 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 26 Aug 94

[Political commentary: "An Effective Weapon Has Already Been Devised"]

[Text] After an impassioned and meticulous five-day debate, today the members of the National Assembly of Cambodia representing the will and voice of over nine million Cambodians overwhelmingly passed the draft immigration law presented by the Interior Ministry.

Among the essential laws, such as the bill outlawing the Khmer Rouge and the investment law, which are vital for national survival, the present immigration law has

special attributes because it has been forged at a time when internal political problems are at a boiling point.

It is worth recalling that last week the Khmer Rouge, which has been conducting a propaganda campaign to boot ethnic Vietnamese out of Cambodia, but which has actually endangered innocent Cambodians in the process, voiced its opposition to the adoption of the law. It advocated the use of military force and arms to solve the Vietnamese problem even though it is aware that weapons are not a necessary means of settling the issue.

It is widely known that in the past, the Khmer Rouge used the stature of His Majesty King Norodom Sihanouk Varaman as a shield to topple the Lon Nol regime and seize power in 1975. Now, the Khmer Rouge, under the banner of struggle against Vietnam, is attempting to overthrow the Royal Government of Cambodia [RGC]. The Khmer Rouge clearly understands this way of thinking because the Cambodian people revere their king as a god and the Vietnamese issue has been historically a racial problem. Nonetheless, what the Khmer Rouge rebels have overlooked is that the RGC and the Vietnamese Government have already agreed and pledged to solve this problem through legal means in line with international practices during the Vietnamese Foreign Minister Nguyen Manh Cam's visit to Cambodia in mid-February 1994.

The National Assembly of the Kingdom of Cambodia has already adopted the immigration law. So what is left now is the procedure for highly-effective enforcement of the bill, as the law is promulgated after an overwhelming number of foreigners have already entered Cambodia.

We firmly believe that the law is a political factor determining our internal policy, meaning if we implement it well, it will become not only an effective way to solve the problem of illegal immigrants in Cambodia, but also a formidable weapon to crush the strategic propaganda of the Khmer Rouge.

If the problem of the Vietnamese settlers in Cambodia can be solved once and for all, the Khmer Rouge and its ruse will vanish completely, no matter what.

Son Sann Views Need of Law

BK3008085094 Phnom Penh THE CAMBODIA DAILY in English 26-28 Aug 94 p 10

[Article by Son Sann, senior member of parliament, from the "Opinion" column]

[Text] Everybody knows that the number of Vietnamese ethnics in Cambodia is constantly increasing in a worrying way. They are everywhere: in towns, in rural centers, along waterways, in our border regions (Ratanakiri, Mondolkiri, Svay Rieng, Takeo, Kompong Cham, Stung Treng, etc.).

In the provinces of Ratanakiri and Mondolkiri, Vietnamese have been coming in and out of the country

freely for years to exploit our timber, our gold and our precious stones. But Cambodians who want to go to the province of Mondolkiri, for want of easy access roads through Cambodia, have to go through Vietnam. It is possible to enter to that country either via Bavet or via Dak Dam.

But there, Cambodians have to pay US\$25 for the passport visa. And with that they only have the right to cross Vietnamese territory without making any stops; otherwise Vietnamese authorities will confiscate their passports.

Vietnamese authorities exact taxes of 10,000 riels per small car and 2000 or 3000 riels per traveller entering through Bavet or through Dak Dam. And when Khmers return back to Cambodia, they are searched thoroughly as if all are suspected thieves. Here, they confiscate what they want and ask for another payment of 2,000 riels per traveler. Khmers who protest are detained for the night.

In Kompong Cham, our compatriots who try to sell rubber to the Vietnamese first have to help replant paddy fields before the Vietnamese are willing to buy the rubber.

In Takeo, Vietnamese farmers grow rice in our border territory. And at harvest time, Vietnamese troops with arms penetrate our territory to protect their citizens who are farming illegally here.

The Vietnamese know how to arrange and enter freely in our country while our compatriots from Kampuchea Krom who want to visit their relatives in South Vietnam have to pay for a Vietnamese visa—costing \$45—too expensive for most Khmers to pay.

Some Vietnamese officers now hold high military positions in the Royal Government. But they are not here to contribute to our national reconciliation and to a lasting peace necessary for the reconstruction and for the benefit of our people. According to some sources, some Vietnamese commandos are already in the country or are ready to come in to Cambodia to create unrest.

We Cambodians must understand that the continued fighting, insecurity and political instability in our country deter viable investments which will instead go to Vietnam.

The United States helped us in our struggle for the liberation from the Vietnamese colonization. By lifting the embargo on the economic assistance to Vietnam, the US will now help Vietnam to absorb Cambodia, which our neighbor didn't succeed in doing by force of arms and by military occupation of Cambodia.

It's our duty as Cambodians, to wake up and to realize the absolute necessity of the National Reconciliation advocated by His Majesty the King Norodom Sihanouk Varaman, and to urgently take all necessary measures to defend our territorial integrity.

The first priority is the passage of an immigration law, a code which has been demanded by all Cambodian people, for some time. Once this step is taken, other measures can be passed to strengthen the code.

Commentary Views Thai Reaction to U.S. Aid Cut

BK2808104894 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 27 Aug 94

[“Political commentary:” “The Policy of Meddling in Others’ Affairs”]

[Text] Over the past few days, Thai leaders, particularly military leaders, voiced strong reactions to the fact that U.S. President Bill Clinton has signed a law that could lead to the end of U.S. aid to the Thai military if it is found that this aid assists the Khmer Rouge rebels.

For example, on 24 August, the Thai army commander in chief said the Thai Army will stop supporting the U.S. military presence in Bangkok if the United States cuts off funds for Thai soldiers participating in training programs in the United States. General Wimon Wongwanit told reporters that if the United States insists on cutting aid to Thailand, then this should be settled with the withdrawal of support for a program called the Joint U.S. Military Assistance Group [JUSMAG] in Bangkok.

It must be specified that this joint U.S. group is based in Bangkok. Its main tasks are to organize the annual military exercise in the country and also to set up various training programs. JUSMAG coordinates U.S. military aid in Thailand and draws staff from all branches of the Armed Forces. Thailand has annually dispatched about 100 of its troops to the United States for training under this program. This year Washington has provided \$575,000 for the participation of Thai troops.

Thai television also has reported that Foreign Minister Prasong Sunsi will soon have talks with the U.S. ambassador in Bangkok about this decision. It ought to be recalled that the U.S. Congress and Senate earlier this month decided to cut off funds reserved for international military training for Thai troops if it is found that Thailand is assisting the Khmer Rouge or hindering support for Burmese refugees.

The U.S. State Department has been requested clearly to report by February next year whether Thai troops support the Khmer Rouge or not. This decision was drafted at the proposal of nongovernmental organizations [NGO]. In their report, the NGOs want sanctions against the Thai military for their illegal support for the Khmer Rouge.

The Thai Government recently denied that Thailand supports the Khmer Rouge rebels. Public opinion and foreign observers, however, suspect that the Thai military still has close relations with the outlawed rebels.

For this reason, earlier this year the Thai military was very angry with many statements made by Morton Abramovitz, former U.S. ambassador to Thailand, which were published in newspapers. According to him, the Thai military still supports the Khmer Rouge. Thailand is a major U.S. military ally in Southeast Asia.

Therefore, observers say that the decision to cut off aid could sour the relations between the two countries. This happened once during the conflict over trade and labor. The U.S. ambassador to the Kingdom of Thailand said in an interview with U.S. radio that sanctions against the Thai military will not create any bad consequences.

Laos

President Thanks SRV for Welcome on Visit

BK2708125294 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 27 Aug 94

[Message of thanks from President Nouhak Phoumsavan, to SRV President Comrade Le Duc Anh, for the SRV party and state welcome given to the Lao delegation during their recent visit—dated 25 August 1994]

[Text] Respected Comrade President Le Duc Anh: My wife and I as well as our delegation ended our visit to your beautiful country and have safely returned home.

We are extremely satisfied with and have highly assessed the success of our visit, which is an important symbol in the strengthening and development of the relations of friendship, special solidarity, and comprehensive cooperation between our two parties, states, and peoples. We are extremely impressed with the welcome filled with the spirit of intimate and fraternal respect and affection accorded to our delegation. We would like to extend our sincere thanks to you, Comrade President, and your wife as well as other Vietnamese party and state leaders and party committees and people’s councils in the localities we visited for creating the favorable conditions that have made our visit a brilliant success.

The success of this visit clearly shows the consistent pursuance of constructive foreign policies by our two parties and states, thus contributing to the common process of peace, friendship, stability, cooperation, and development in Southeast Asia and the world.

We are convinced that the success of our visit will serve to further strengthen the bilateral relations of friendship, special solidarity, and comprehensive cooperation.

May you, Comrade President, and your wife have good health and attain more achievements.

Memorandum Signed With SRV Judiciary Delegation

BK2808134394 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 28 Aug 94

[Text] A ceremony was held at the National Assembly in Vientiane on the morning of 27 August to mark the

signing of a memorandum on cooperation between the Legal Affairs Commission of the National Assembly of the Lao People's Democratic Republic [LPDR] and the Judiciary Commission of the SRV National Assembly. Signing for the Lao side was Khambou Sounisai, vice chairman of the National Assembly and chief of the National Assembly's Legal Affairs Commission, while signing for the Vietnamese side was Ha Manh Tri, member of the National Assembly Standing Committee and chief of the National Assembly's Judiciary Commission. The signing ceremony was held in the presence of cadres concerned from both sides.

This memorandum on cooperation between the Legal Affairs Commission of the LPDR National Assembly and the Judiciary Commission of the SRV National Assembly specifies the relations between the two National Assembly commissions. The two sides discussed and unanimously agreed to further exchange visits between delegations of the judiciary commissions of the two countries. They also agreed to send judicial technicians to exchange visits to learn from each other's experiences in carrying out judiciary work and to raise the level of the exchange of information and other necessary documents. Cooperation in this field will be practiced on the basis of equality and mutual benefit.

The National Assembly judiciary commissions of the two sides agreed to try to seek every possible means to translate into reality this cooperation memorandum. They unanimously agreed to put it into actual practice to work out projects and programs of action for each year.

The visit to the LPDR by the delegation of the SRV National Assembly's Judiciary Commission furthers the implementation of the success achieved in the meeting between the two National Assembly chairmen of the LPDR and SRV in Hanoi on 8 November 1993 and the meeting between two National Assembly vice chairmen of the LPDR and the SRV in Vientiane on 9 April 1994.

Vice Premier Meets SRV Border Committee Group

BK3008065494 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 29 Aug 94

[Text] On the afternoon of 27 August, Khamphoui Keoboulapha, deputy prime minister and chairman of the Planning and Cooperation Committee, received at the Office of the Planning and Cooperation Committee in Vientiane a courtesy call from Le Minh Nghia, chairman of the Border Committee of the Vietnamese Government, and his delegation. The Vietnamese Border Committee delegation arrived in Vientiane on 26 August for a working visit to the Lao People's Democratic Republic [LPDR].

The meeting proceeded in an atmosphere of warm friendship. Khamphoui welcomed the visit by Le Minh Nghia and his delegation, which he said will significantly contribute to further strengthening, promoting, and

expanding ever more fruitfully the relations of friendship, all-round cooperation, and special solidarity between the governments and peoples of Laos and Vietnam. The visit will particularly help make the Lao-Vietnamese border one of lasting peace and stability, he added. Khamphoui wished Le Minh Nghia and his delegation success on their visit.

Le Minh Nghia expressed his thanks to the deputy prime minister for the warm welcome accorded him and his delegation. He also informed the deputy prime minister of the outcome of his delegation's visit to the LPDR.

Border Security Group Meets With Thailand

BK2708120594 Vientiane KPL in English 0929 GMT 27 Aug 94

[Text] Vientiane, August 27 (KPL)—The second consultation between Lao and Thai technical groups for security and order keeping along the border between the Lao special region of Sianghon-Hongsa and Thai Phayao Province took place in the municipal town of the special region on August 24-24 [as received], 1994.

Heading the Lao delegation was Mr. Sombat Yialiheu, vice-governor of the special region, and the Thai side was led by Pol. Col. [Police Colonel] Sunthon Bangthamai, vice-commander of police of Phayao.

The meeting focused on reviewing the implementation of regulations specified in the memorandum concerning border security and order keeping cooperation reached by the two sides in their first meeting, in particular the suppression of bad elements operating along the border.

The discussion also dealt with ways of determining a new border check-point, strengthening immigration control system, and facilitating the exchange of visits and border trade.

Foreign Minister Arrives in Israel

BK2608124894 Vientiane KPL in English 0915 GMT 26 Aug 94

[Text] Vientiane, August 26 (KPL)—Lao Foreign Minister Somsavat Lengsavat arrived in Jerusalem on August 24 for a five-day working visit to Israel, at the invitation of his Israeli counterpart Shim'on Peres, according to a report from Jerusalem by the Chinese News Agency, XINHUA, on August 24.

During his visit, Somsavat Lengsavat will meet with Israeli President Ezer Weizman, Prime Minister Yitzhaq Rabin and Peres and discuss bilateral and regional issues with them.

The Lao foreign minister is accompanied by his wife, the deputy director for Asian and African Affairs and his personal secretary.

Laos renewed its relations with Israel in December 1993 through the two countries ambassadors to the United Nations.

Court Levies Fines in Eight Corruption Cases

BK2708123194 Vientiane KPL in English 0950 GMT
27 Aug 94

[Text] Vientiane, August 27 (KPL)—The People's Supreme Court in Vientiane on August 25 tried eight cases for involvement in corruption, embezzlement of state assets, excessive abuse of authority, document falsification, and bribery.

According to the Court's verdicts, the eight were all ordered to pay 500 million kip to the state in compensation for the losses they caused to the state assets. The eight defendants, five of whom were employees of the State Irrigation Company No. 1, were identified and tried as follows:

1. He Phounvisai, 47, director, was sentenced to five years and six month's imprisonment for embezzlement of state assets, excessive abuse of authority, bribe giving to officials, negligence over duty. He was ordered by the Court to compensate 17 million kip.
2. Kham Sivilai-gnon, deputy director, was tried to serve five years and six months's term in prison for embezzlement of state assets, excessive abuse of power, bribe giving to officials. He was ordered to compensate 94.9 million kip.
3. Khamkom, production unit-7 chief, was imprisoned for six years for embezzlement of state assets, breaches of tax regulations, bribe giving, document falsification. He was obliged to compensate 133.9 million kip.
4. Boun-gnong Lanouvong, chief accountant, was sentenced to two years and six months' imprisonment for embezzlement of state assets, abuse of power, negligence over duty, bribe giving. He was ordered to compensate 14.7 million kip.
5. Phan Chanpheng, planning and finance officer, was imprisoned for two years for embezzlement of state assets, abuse of power, bribe giving, negligence of duty. He was to compensate 8 million kip.
6. Kham Ong, director of the Lao-American cooperation project, was tried to serve six years and (?six) months's term in prison for embezzlement of state assets, breaches of tax regulations, bribe taking, document falsification. He was ordered to compensate 83.8 million kip.
7. Bounthi, director of the Road 13-North Construction Project, was imprisoned for six years for embezzlement of state assets, excessive abuse of power, bribe taking, document falsification. He was ordered to compensate 135.8 million kip.
8. Phouthon Vongnakhon, 40, director of the Road 20 Construction Project in Paksong (Champassak), was sentenced to two years' imprisonment for abuse of power, bribe taking. He was obliged to compensate 12.4 million kip.

Thailand

Minister Rules Out Financial Cut for JUSMAG

BK3008093494 Bangkok BANGKOK POST in English
30 Aug 94 p 6

[Text] Thailand could not unilaterally stop extending financial support for JUSMAG (Joint United States Military Advisory Group) activities in this country, Foreign Minister Prasong Sunsiri said yesterday.

Thailand is committed under a bilateral Thai-US agreement to provide 12 million baht for expenses incurred by the JUSMAG—such as electricity and water rates, and maintenance costs, the PDP [Phalang Tham Party] minister said. Thailand cannot simply stop providing the support without prior discussion, he added. Under the agreement, Thailand would have to give three months' advance notice, Sqn Ldr [Squadron Leader] Prasong said.

The House Budget Committee on August 25 decided to freeze the 12 million baht allocation to JUSMAG's operation in Thailand, in retaliation to threats of cuts in US assistance for the training of Thai soldiers.

About 100 Thai soldiers are trained in the US annually under the International Military Education Training Program.

Foreign Minister Prasong said he had instructed the Thai embassy in Washington to study details of the US Foreign Operations Act of 1995, which became lawful earlier this month.

According to published reports, the Act states that the US may not give assistance because of alleged Thai Rouge saying that he had met officials of the State Department and the Pentagon.

The officials of both departments eve that the Thai military no longer supported the Khmer Rouge, the minister added.

There may be a misunderstanding among US Congressmen but US Government authorities believe there is a misunderstanding Thailand is not guilty of the accusations, the minister said.

Representatives of the US House Committee on Military Affairs who were recently in Bangkok are also confident that there is now no contact between the Thai Government or the armed forces and the Khmer Rouge, the minister added. But the minister refused to comment when he was asked if JUSMAG should withdraw from Thailand if the US cuts the fund for training assistance. The minister maintained that he needed more information to consider the matter.

Papers Comment on Planned U.S. Military Aid Cut

BK2908121094

[Editorial Report] Three Bangkok vernacular dailies—THAI RAT, KRUNGTHAP THURAKIT, and SIAM

POST—on 29 August carry editorials commenting on the cessation of U.S. military training assistance to Thailand.

THAI RAT's 350-word editorial, on page 3, entitled: "The United States Cut Aids for Thai Armed Forces," reviews reactions from the Thai Army commander and prime minister to the U.S. move to cut military aid to Thailand. It says the passage into law of the U.S. Foreign Operations Act 1995 that can end U.S. sponsorship to train some 100 Thai military officers abroad is not so important, as the money involved is not much. What is important is the misunderstanding on the part of the United States regarding the Khmer Rouge issue. "It is the duty of the government to clear the misunderstanding to prevent related problems in the future."

The editorial concludes by saying: "Since the end of the cold war with the victory of the West, the United States has become the only world superpower. There is a tendency that it will attach more significance to the issues of human rights and democracy in its foreign policy. Therefore, the Thai Government must try to understand this thoroughly to defend the existing good bilateral relations."

KRUNGTHERP THURAKIT's 450-word editorial, on page 2, entitled: "The Thai Government Must Quickly Clear Itself on the Khmer Rouge Issue," reviews reactions from Thai Army Commander General Wimon Wongwanit and Prime Minister Chuan Likphai to the halt of U.S. military aid and good relations between Thai and U.S. armed forces since the end of World War II.

The editorial says: "It is true to a certain extent that the United States has launched a more active economic offensive in Asia and, at the same time, cited the issue of human rights violations to serve its commercial interests. In diplomatic circles, such a practice is repugnant and shameful. If any country can produce tangible evidence to disprove the allegation, the United States will not be able to do it any harm. The United States will not hesitate to cut its assistance to any country regardless of long-standing friendship, even on a small excuse."

SIAM POST's 350-word editorial, on page 2, entitled: "The Deceitful Accusation," says: "The Thai Government and people should be proud of the U.S. decision to cut its military training assistance because it gives us the opportunity to prove to the world that we can stand on our own feet."

"But we have to heed the U.S. accusations that Thailand supports the Burmese Government and Khmer Rouge because such charges have given our country a negative image in the eyes of the world."

The editorial adds that "as a sovereign state, Thailand or the Thai Government has freedom in establishing political or economic relations with any country for national interests and without infringing on the rights of other countries."

"No Thai Government or citizen should be blamed for the Burmese military regime's failure in establishing democratic rule in Burma in a given period of time. For the same reason, the problems of either the Phnom Penh Government or Khmer Rouge are the internal affairs of Cambodia."

"It is totally unfair for the United States to blame Thailand for the failure of the Cambodian Peace Plan of 1991." Thailand has to bear the brunt of the fighting in Cambodia. Some 361,500 Cambodian refugees fled to Thailand and the last batch of 1,943 refugees was just sent back to Cambodia in May last year.

"The Thai Government must try to bring the facts to the attention of the world so as to get rid of the country's vicious image."

* Senate Seeks Greater Budget for Army Development

94SE0199D Bangkok SIAM RAT in Thai 9 Jul 94 p 3

[Excerpt] The Senate approved the report of the Military Affairs Subcommittee on studying the role of the military in national development. The subcommittee has recommended that the Office of the Prime Minister regulation be amended to allow the supreme commander to serve on the Rural Development Committee and to allow the military to play a greater role in this. The government will have to provide budget support and vocational development in military units.

Mr. Michai Ruchuphan, the president of the Senate, chaired the Senate meeting held on 8 July. Those attending the meeting discussed the report on the military's role in developing the country. Air Chief Marshal Praphan Thupatemi, the subcommittee chairman, said that the role of the military is to maintain the security of the country. This must go hand in hand with developing the country. There are, however, budgetary problems, and it has not been possible to coordinate things with the units concerned. Moreover, the military has not been able to present its ideas on national development. Thus, the subcommittee feels that this regulation should be amended.

General Sunthon Krathet, a member of the Senate, voiced support for the subcommittee's report. He said that the Army presently lacks the tools and vehicles needed to help the people. Thus, the minister of defense and military chiefs should submit a budget motion on this and not take funds from the military's budget. [passage omitted]

* Army Commander Discusses Role in Development

94SE0199C Bangkok DAILY NEWS in Thai 7 Jul 94 p 3

[Text] General Wimon Wongwanit, the army commander-in-chief, discussed the issue of the House Military Affairs Subcommittee recommendation that the

Office of the Prime Minister regulation on the military's role in development be amended. He said that Thailand's military forces have tools that can be used to help develop the country. The military is doing this. The military has many resources, including its medical budget. Approximately 80 percent of the people treated at military hospitals are civilians; only 20 percent are soldiers. Thus, the military is using its resources to help develop the country and improve the health of the people.

Gen. Wimon said that the Army has engineers. These people should be used to help build the infrastructure. Soldiers are well trained. That is, they are trained to make sacrifices for others and for the country. Thus, the Army can be useful in developing the country. But if people say that the Army should stay out of this, the Army won't say anything. They don't have to use the Army.

As for coordinating things between government units and the Army in carrying out development, Gen. Wimon said that the military can be used to do many things. Soldiers can be used to open up poor, remote areas where it would be difficult for other units to go because of the presence of mines and terrorists. It must be soldiers who go into those areas first. In areas that other units can enter to carry out development, the Army will provide support. It's good if various units, including military and civilian units, cooperate, because development is at the heart of building security. Today's war is a war on poverty. This is a fight to solve the problems, narrow the gap between the rich and the poor, provide people with a chance to receive an education, and improve the lives of the people. We must follow the motto "politics leads the military." The Army is ready to help and is prepared to cooperate.

Prasong: Police To Handle Chakkrapong's Departure

BK2908145294 Bangkok Radio Thailand Network in Thai 1200 GMT 29 Aug 94

[Text] Foreign Minister Squadron Leader Prasong Sun-siri granted an interview to newsmen at Government House this afternoon. Asked about efforts to have Prince Norodom Chakkrapong, who masterminded a coup attempt in Cambodia, leave Thailand, Minister Prasong said the Police Department will handle the matter.

[Begin recording] [Prasong] The police have been in charge of it. So let them do their work.

[Unidentified reporter] How has the Cambodian Government viewed us in this matter?

[Prasong] According to Foreign Ministry Permanent Secretary Pracha [Khunakasem] who visited Phnom Penh, the Cambodian Government has asked Thailand not to allow him to stay here. This is a very sensitive

political issue, especially concerning international relations, and we must therefore devise our policy very carefully.

[Unidentified reporter] Is this issue linked to the case of the nine Thai men detained in Cambodia?

[Prasong] This has nothing to do with the nine arrested Thais. Ambassador Sakthip has reported that the embassy tried to provide lawyers for them. But the lawyers must be Cambodian. So we are trying to find nine Cambodian defense lawyers for them, and we will also provide them with Thai lawyers to act as advisers to the Cambodian lawyers. [end recording]

*** Police Chief Seeks Thai Cooperation on Al Arqam**

94SE0218A Bangkok SIAM RAT in Thai 30 Jul 94 p 15

[Text] Police General Tan Sri Rahim Noor, the director general of the Malaysian Police Department, said that Malaysian officials hope that Thailand will cooperate in suppressing and monitoring the activities of the Al Arqam Muslim group, which is now starting to carry out activities in Thailand. Malaysia does not want this group to live in Thailand and use Thailand as a base from which to stir up trouble in Malaysia. That could harm relations between Thailand and Malaysia.

The director general of the Malaysian Police Department talked with reporters in Chiang Mai Province on 29 July. He said that Malaysian officials know that more than 310 members of the Al Arqam group are carrying out activities in Thailand, but their activities are not as serious as those in Malaysia. It seems that in Thailand, they are using various businesses as a cover for their activities.

The Malaysian police chief said that Malaysian officials have been monitoring the activities of this group constantly. On 28 July, they arrested 41 senior members of this group on charges of violating the Press Law. This group has been carrying out very serious activities like the Shiite Muslims in Iran.

"Malaysian officials have asked Malaysia's supreme court to determine whether this group is violating Malaysian law even if it carries out activities abroad. If the high court decides that these activities constitute holding meetings in order to carry out activities harmful to the national security, action will be taken against them in accordance with the law."

He admitted, however, that it is not clear if the activities of the Al Arqam group in Malaysia and Thailand have political aims. Thus, to date, the only crime committed by this group is the printing of materials for distribution.

"The Malaysian Police Department hopes that Thailand's Police Department will cooperate by sending information on the activities of this group to the Malaysian Police Department. This should benefit both countries," said the director general of the Malaysian Police Department.

* Chiang Mai Muslim Ties With Al Arqam Discussed

94SE0200A Bangkok MATICHON in Thai 10 Jul 94 p 12

[Excerpts] On 9 July, Mr. Ari Kayi, the principal at an Islamic religious school in Muang District, Chiang Mai Province, said that members of the Al Arqam group had asked to come observe activities at the school three to four times. The Malaysian Government has charged that this is a violent group, and the Thai Government is monitoring the activities of this group. They visited this school because it is the largest Islamic school in the north, with more than 300 male and female boarding students. Parents send their children here to study Islamic literature and traditions.

Mr. Ari said that on 8 July, members of the Al Arqam group came to the school and selected 20 pretty girls. They took them away from the school in the morning without informing the school. When the parents of the children learned of this, they rushed to the school. School officials tried to comfort them and get them to wait and see what would happen. The Al Arqam group returned the students to the school around midnight, claiming that they had taken the students on a tour in other districts. [passage omitted]

A journalist reported that in the wake of this, an order was issued to the Islamic Committee in the Muslim community on Chang Khlan Road not to welcome or allow members of this group into the community. But another Muslim group has asked that this group be recognized, saying that they are Muslims. The Chiang Mai Islamic Committee will review this matter at another meeting in order to adopt a resolution.

As for the girls who went with the Al Arqam group, they said that the group took them to various rural villages in Chom Thong, Hang Dong, and Sanpatong districts to observe activities there. [passage omitted]

* Deputy Minister on Property Rights Instruction

94SE0199A Bangkok DAILY NEWS in Thai 7 Jul 94 p 9

[Text] Mr. Churin Laksanawisit, the deputy minister of commerce, said that he has proposed that the Ministry of Education include the intellectual property issue in the elementary and secondary school curriculums. The Ministry of Education is cooperating fully and is printing a supplemental textbook on this subject. It is thought that this will be completed by the end of this year. Thailand is thought to be the first country to take such action on intellectual property.

"During a seminar on intellectual property that was attended by officials from the ASEAN countries and the European Patent Office, which was held in Jakarta, Indonesia, at the end of last month, the Thai delegates proposed that the ASEAN countries take steps to promote protecting intellectual property and promote better

understanding among youths in order to help stop violations of intellectual property rights. This idea won the support of ASEAN members, such as Malaysia, the Philippines, and Singapore, and the European Community. Those at the meeting unanimously adopted a resolution to have the ASEAN countries develop their intellectual property systems by promoting instruction, and the EC is prepared to provide help."

Vietnam

ROK Prime Minister Yi Yong-tok on Visit

Essay Previews Visit

BK2908124794 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Aug 94

[Essay by station editor Thanh Hai]

[Excerpt] [Passage omitted] Vietnam and ROK are two geographically close Asian countries sharing many similar traits in terms of culture, customs, and history. Both have the desire to broaden their friendly and cooperative relations on a mutually beneficial and supportive basis in the cause of national construction in each country.

ROK leaders highly values the renovation policy of our people and their important economic achievements of recent years. They also highly appraise the wide-open foreign policy of our state, regarding this as a positive contribution of Vietnam to the cause of peace, stability, cooperation, and development in the Asia-Pacific region and the world over.

For our part, Vietnam attaches importance to cooperation with ROK, which has set many praiseworthy economic development records. We highly appreciate the ROK Government for its efforts to promote cooperative ties with us and for its readiness to share its experience in economic development.

We note with pleasure that thanks to the mutual aspirations of the two sides, ties have grown rapidly although it was only in late 1992 that diplomatic ties were established. During that short period, the value of annual bilateral trade has doubled, reaching \$619 million in 1993 and likely to hit \$1.5 billion this year.

ROK now ranks third in investment and trade with Vietnam. It now has 73 projects valued at over \$700 million in Vietnam, with investments in many important sectors such as metallurgy, automobile and electronics industries, and therefore contributing effectively to Vietnam's economic development.

ROK has given Vietnam a \$50-million loan under which thousands of Vietnamese students have been sent to ROK for technical training. More and more ROK experts and businessmen have also been sent to Vietnam.

All these, plus the successful visit of Prime Minister Vo Van Viet to ROK last year have ushered in a new chapter in bilateral ties.

The upcoming visit to Vietnam of ROK Prime Minister Yi Yong-tok, the first by a ROK prime minister, will be a good opportunity to promote economic ties and cultural exchanges, as these are the trend of development.

We warmly welcome the upcoming visit of Prime Minister Yi Yong-tok and his wife. We also wish his excellency, the prime minister, success so as to contribute to the strengthening of understanding between the two nations and to upgrade the growing ties and posture commensurate with the potential of the two countries, thus meeting the aspirations of the two peoples in conformity with the trend of peace, cooperation, and development in the Asia-Pacific region and the world over.

ROK Ambassador Reviews Ties

*BK2908141794 Hanoi Voice of Vietnam in English
1000 GMT 29 Aug 94*

[Text] Prime Minister of the Republic of Korea, or South Korea, Mr. Yi Yong-tok and his wife are due on an official visit to Vietnam. Our radio correspondent has interviewed the Ambassador of South Korea Mr. Pak No-su on the significance of the coming visit and on relations between the two countries. Following are excerpts from the interview:

[Begin Pak No-su recording in Korean fading into English translation] Prime Minister Yi Yong-tok is the highest leader from South Korea to visit Vietnam since the establishment of diplomatic relations on December 22, 1992. It will create favorable conditions for further consolidation and development of relations between the two countries. Prime Minister Yi Yong-tok will have talks with Prime Minister Vo Van Kiet on the development of bilateral friendly relations and other key issues of mutual concern. The South Korean prime minister will also meet party leader Do Muoi and President Le Duc Anh. He will visit the Orient-Henan Company, a joint venture between South Korea and Vietnam at the Sai Dong Industrial Zone. Mrs. Yo Ko-su, the prime minister's wife, will visit the Xa Dan school for deaf and dumb children to grant financial assistance. [end recording]

Ambassador Pak No-su said that during the visit, the two governments will discuss signing an agreement on cultural exchanges. Regarding economic cooperation between the two countries and South Korean companies' investment in Vietnam, Ambassador Pak No-su said that at present, the two countries are implementing a number of projects in order to strengthen economic cooperation. The South Korean Government will provide Vietnam a \$50-million loan with favorable interest rate to build the Thien Tan water supply plant and to upgrade Highway No. 18. The South Korean Government is preparing to

assist many other projects, including the rehabilitation of Quy Nhon Vocational Training Center, the institute for long-term economic plan and the State Planning Committee, and 12 local hospitals, utilizing nonrefundable aid.

Mr. Pak No-su said that by the end of June 1994, South Korea has invested in 73 projects with the total capital of \$716 million. South Korea ranks third among foreign investors in Vietnam. South Korean companies are investing in Vietnamese steel manufacturing, car making, and electronics. South Korea always expects long-term development in Vietnam and encourages its companies to invest in Vietnam. He said that trade turnover between the two countries doubled every year. In 1993, the figure was \$819 million and that this year it is expected to increase to \$1.5 billion.

In conclusion, Ambassador Pak No-su expressed his pride at the first visit to Vietnam by his prime minister that makes great contribution to the development of relations between the two countries.

Welcomed by Vo Van Kiet

BK3008064594 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 30 Aug 94

[Text] At the invitation of Prime Minister Vo Van Kiet, South Korean Prime Minister Yi Yong-tok and his wife are paying an official visit from 29 to 31 August. Accompanying Yi are Deputy Foreign Minister Pak Kon-u, South Korean Ambassador to Vietnam Pak No-su; Yi Hung-chu, chief secretary of the Prime Minister's Office, Mun Pong-chu, deputy chief of the Ministry of Foreign Affairs' Asian-Pacific Department; and department directors from the Ministries of Finance, Post and Telegraph, and Trade and Industry.

This morning Vo Van Kiet and his wife attended a ceremony welcoming Yi, his wife, and the distinguished South Korean guests in the main guest room of the Prime Minister's Office.

Attending the ceremony on the Vietnamese side were Le Xuan Trinh, minister and chief of the Government Office; Vu Khoan, deputy foreign minister; Le At Hoi, chairman of the Hanoi People's Committee; and many other government officials.

After the ceremony Vo Van Kiet and his wife cordially received Yi and his entourage.

Afterward the two prime ministers held official talks, which will be detailed in the next newscast.

Yi Yong-tok, Vo Van Kiet Hold Talks

*SK3008102494 Seoul YONHAP in English 0939 GMT
30 Aug 94*

[Text] Hanoi, Vietnam, Aug. 30 (YONHAP)—Vietnam on Tuesday supported South Korean policies to attain unification of two Koreas peacefully and denuclearize the Korean peninsula.

During a meeting with visiting South Korean Prime Minister Yi Yong-tok at the presidential palace here, Vietnamese Premier Vo Van Kiet said his country would positively cooperate in Seoul's bid to obtain a nonpermanent seat at the U.N. Security Council in 1996-97.

"We highly evaluate and wholeheartedly support South Korea's policy for peaceful unification and support denuclearization of the Korean peninsula since it is necessary for peace in Asia and the world," Premier Kiet was quoted as saying by Kang Hyong-sok, Yi's press secretary.

When the Vietnamese premier asked for positive economic support, Yi said South Korea would not spare assistance so that "Vietnam will become South Korea's largest economic cooperation partner in the Asian area."

Yi said specifically that his government would see to it that 40 million dollars in a private fund be invested in Vietnam's road project and another 40 million dollars in a public support fund be provided to help finance a communications project.

The South Korean premier said his country will increase the number of foreign workers-trainees in Korea from the present 20,000 to 30,000 next year, which he said means Vietnam would be able to send about 1,100 more workers to Korea.

Vietnamese Premier Kiet said his country would guarantee South Korean industries' investment in Vietnam and would help South Korean industries in Vietnam obtain lands for their plants or offices.

The two premiers agreed to establish a joint Korea-Vietnam resources cooperation committee for close cooperation in the development of resources like petroleum and to conclude within the year a bilateral science and technology cooperation agreement.

During the meeting, Premier Kiet formally proposed South Korean President Kim Yong-sam visit Vietnam at a time of his convenience.

Prime Ministers Yi and Kiet further agreed to expand exchanges between the parliaments and political parties of the two countries.

Immediately after their meeting, the two premiers signed a cultural agreement calling, among others, for expanded cultural, academic and sports exchanges between their countries.

Later in the day, Prime Minister Yi paid a courtesy call on Vietnamese party General-Secretary Do Muoi, during which Yi conveyed President Kim's invitation to Muoi and the Vietnamese general-secretary accept it.

Savannakhet Border Talks Conclude With Laos

*BK3008070294 Hanoi VNA in English 0611 GMT
30 Aug 94*

[Text] Hanoi VNA August 30—Vietnam and Laos have recently held their fourth session on issues concerning their common border in Savannakhet (Savannakhet Province).

The Vietnamese delegation was led by Le Minh Nghia, head of the Vietnamese Government's border committee and the Lao delegation by Phongsavat Boupha, deputy foreign minister.

The two sides reviewed the implementation of the agreement on border regulations signed on March 1, 1990 and memorandum of understanding of the 3rd session signed on July 24, 1993 and discussed orientation of activities in the coming period.

On August 27, the Vietnamese delegation paid a courtesy visit to Deputy Prime Minister Kamphou Keoboulapha who acknowledged the results of the two countries joint efforts aimed at consolidating and building a common border of friendship, security and cooperation.

Malaysian Army Officers Pay Visit 22-27 Aug

*BK2708153294 Hanoi VNA in English 1445 GMT
27 Aug 94*

[Text] Hanoi VNA August 27—A delegation of the Institute of Staff Officers of the Armed Forces of Malaysia led by Brigadier Abdul Kadir Bin Nordin paid a visit to Vietnam from August 22-27 at the invitation of the high military institute of the Vietnam People's Army.

While here, the Malaysian delegation and the representatives of the Vietnamese High Military Institute compared notes on the training of staff officers. The guests paid a floral tribute to President Ho Chi Minh at his mausoleum, and called at the headquarters of the fifth and the seventh army zone, the army museum and several cultural and historical relics in the central province of Danang and Ho Chi Minh City.

The delegation was received by Minister of Defence General Doan Khue.

Fishing Port Completed in Spratly Islands

*BK2908153894 Hong Kong AFP in English 1456 GMT
29 Aug 94*

[Text] Hanoi, Aug 29 (AFP)—Vietnam has completed construction of a fishing port in the Spratly islands, in the South China Sea, which are also claimed by five other countries in the region, an official report said Monday.

A 75-metre (250-foot) concrete bridge links the fishing port to Truong Sa Island, the Viet name for one of the islands, according to a report in the army daily QUAN DOI NHAN DAN.

The Truong Sa port, capable of handling two large ships, was designed to help exploit marine resources in the Spratlys, according to the Vietnamese press.

The port's construction, which began in 1990, was undertaken by a Hanoi-based naval construction company under the Ministry of Transport, and military transportation units based in the south of the country.

The Spratlys, believed to be rich in oil, are located off Vietnam's coast, and about 1500 kilometres (930 miles) south of the Chinese province of Hainan, the southernmost point of China proper.

Vietnam controls part of the archipelago, which is also claimed in whole or in part by China, Malaysia, the Philippines, Taiwan and Brunei.

The Vietnamese Government regularly asserts its sovereignty over the entire island chain, as it does over the Paracel islands to the north, which have been occupied by the Chinese army since January 1974.

South Pacific Forum Seeks UN Observer Status*BK2808140294 Melbourne Radio Australia in English
0900 GMT 28 Aug 94*

[Text] The South Pacific Forum has applied for observer status at the United Nations General Assembly. The request follows a decision by the leaders of the 15-nation forum at their meeting in the Australian city of Brisbane early this month.

In the Fijian Capital Suva, forum's secretary general, Jeremiah Tabai, said the grouping had asked that its request be added to the agenda of the 1994 session of the General Assembly which begins in New York next month. Forum leaders believe attaining observer status at the UN will benefit smaller South Pacific countries and non-UN members to gain greater access to advice and to regional development programs.

Australia**Workers' Rights Said 'Not on APEC Agenda'***BK3008090094 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 16 Aug 94 p 8*

[By Geoffrey Barker]

[Text] The Minister for Trade, Senator McMullan, yesterday indicated Australia's opposition to any discussion of labour rights and the environment at the forthcoming APEC [Asia-Pacific Economic Cooperation] summit meeting in Jakarta.

Senator McMullan was responding to a report in THE AUSTRALIAN FINANCIAL REVIEW yesterday that the US planned to link trade liberalisation in South-East Asia to labour rights and environment issues.

He said the issues were not on the APEC agenda and Australia had received no indication from the US Government that the US wanted them to be on the agenda.

On Friday the US Ambassador to New Zealand, Mr Josiah Beeman, in an interview with THE AUSTRALIAN FINANCIAL REVIEW, said workers' rights and environment questions would be raised at APEC. His remarks were at odds with recent comments by other senior US Government officials.

Mr. Beeman said he did not think President Clinton would target Indonesia as an object of concern, but looking ahead to see what issues needed to be addressed, the environment and workers rights were very important.

"We cannot avoid addressing the questions of child labour, forced labour, and their impact on trade issues."

"I guess you can say that we are trying to stake out positions—not that we have a view we want to impose

on the rest of the world, but we want to raise those issues because we think it's important that they be raised."

Senator McMullan agreed that the issues were important and said Australia was taking a very serious interest in their development in various international forums including the World Trade Organisation.

"They have not been on the APEC agenda, they are not on the APEC agenda at the moment, and the United States' Government has never proposed to us that they should be," he added.

Senator McMullan was speaking after meeting his New Zealand counterpart Mr Philip Burdon, in Canberra yesterday for annual trade and economic talks.

Papua New Guinea**Bougainville Rebels Agree to 'Agenda for Peace'***BK2708095594 Melbourne Radio Australia in English
0900 GMT 27 Aug 94*

[Text] There's been a significant breakthrough in the search for peace on the Papua New Guinea [PNG] of Bougainville where a secessionist war is well into its sixth year. The military commander of the Bougainville Revolutionary Army [BRA], Sam Kauona, and PNG Government officials have agreed to what they call an agenda for peace.

The breakthrough came at talks in the Solomon Islands capital, Honiara. PNG Deputy Prime Minister Sir Julius Chan, who organized the talks, said he would go to the Solomon Islands next to meet BRA representatives. He said that first on the agenda for the talks would be declaration of a cease-fire. A Pacific peacekeeping force involving Tonga, Fiji, and Vanuatu could then be deployed. It's the first time Mr. Kauona has put his signature to a document with the PNG Government.

Meanwhile, Sir Julius' party has called on him to challenge Paias Wingti to the prime ministership when parliament meet next week. Sir Julius, who was previously prime minister from 1980 to 1982, has not yet formerly agreed to the proposal. Earlier, Sir Julius urged delegates of the National Congress of the People's Progress Party to decide whether he should run again for the top job. He also criticized the government, its policies, and the economic and political scandals that have undermined it in the past few months.

The Supreme Court, last week, declared invalid Mr. Wingti's controversial reelection last year finding the spirit of the Constitution had been breached. Radio Australia Port Moresby correspondent, Sean Dorney, says the key to the vote on Tuesday [30 August] is whether Mr. Wingti's coalition partners would back him up.

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